



The week in London and New York

Living with the Democrats

BY JAY PALMER NEW YORK, Jan. 14. NEXT WEEK Mr. Jimmy Carter, a year ago the little-known ex-Governor of Georgia...

ONLOOKER

The rush to buy gilts has turned into something of a stampede this week and as a result equities have been largely neglected.

Cement deal

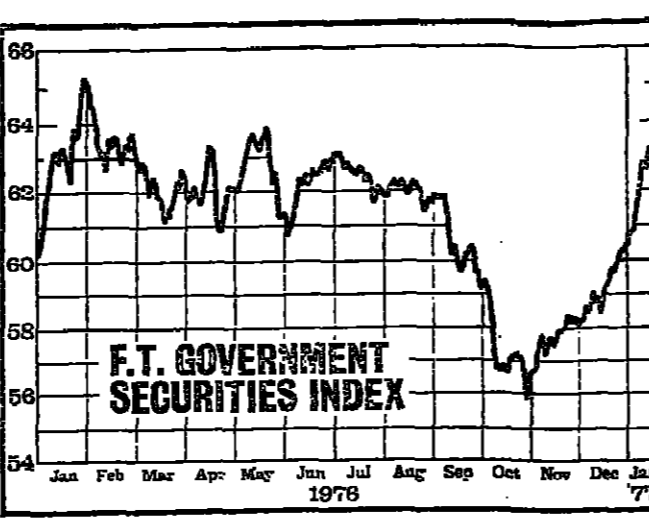
On Wednesday Associated Portland Cement announced that it had signed two contracts (together worth £100m.) to supply a total of 4 1/2m. tonnes of bulk cement to Nigeria and after the headlong climb from the 315 level of mid-December...

At present there are no obvious pointers to the mood likely to develop in the new account. Dealing volume has eased lower over the past few days, and Thursday's index movement—a swing of 11 points between 10 a.m. and 1 p.m.—shows that volatility is still firmly with us.

The news that a safety net—a £3bn. credit facility—was to be slung beneath the official sterling balances pushed up the pound sharply on Monday. And although there has been some hesitation since, sterling closed the week 1 cent higher; and...

TOP PERFORMING SECTORS IN FOUR WEEKS FROM DEC. 16

Table with 3 columns: Sector, % Change, and Worst Performers.



F.T. GOVERNMENT SECURITIES INDEX

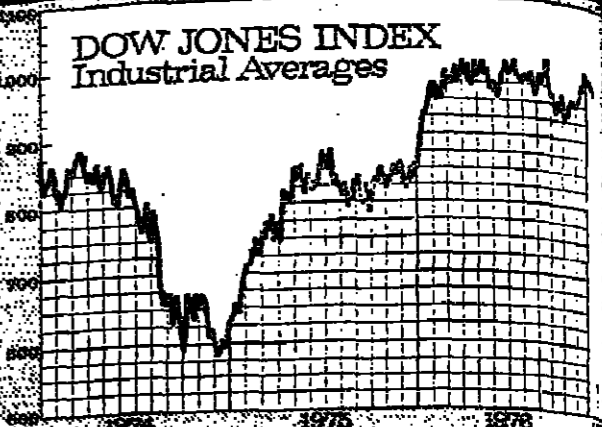
because they cannot afford to simply stop work when cash payments cease. Bath and Portland (£54m. of turnover last year) found this out to its cost when it accepted a £17m. contract to build roads in Iran...

Cracking pace

The egg business is still in the doldrums and likely to stay that way for the moment with rising feed costs and over-supply (new chick placements were still rising sharply in the final months of 1976).

By August a two-year programme of flock restocking will have increased laying capacity by a sixth to around 7m. birds; and Eastwood has been extending and updating its feeding systems in order to reduce the grain bill. Of course the profits received on its rights proceeds against growth of 30 per cent. by Bass and Allied.

The company's problem is its under-exposure in lager. It has Harp but Bass Tennents lager—which is brewed especially for the British consumer—dominates with over half of the Scottish market. At the same time, the potential for growth is limited for lager type beers already account for 40 per cent. of consumption in Scotland.



DOW JONES INDEX Industrial Averages

This "post election year of gloom" has produced a series of 16 election years since 1910 to and including 1976, to have been either new peaks or new world war.

Table with 2 columns: Day and Index Value.

Mining The missing jewel

BY PAUL CHEESERIGHT

ONE JEWEL is missing from the diadem of De Beers. The record 1976 selling figures of rough diamonds from the group's Central Selling Organisation added lustre to the gems, but the lack of any recent and significant movement in the share price showed that the final adornment to the emblem was lacking.

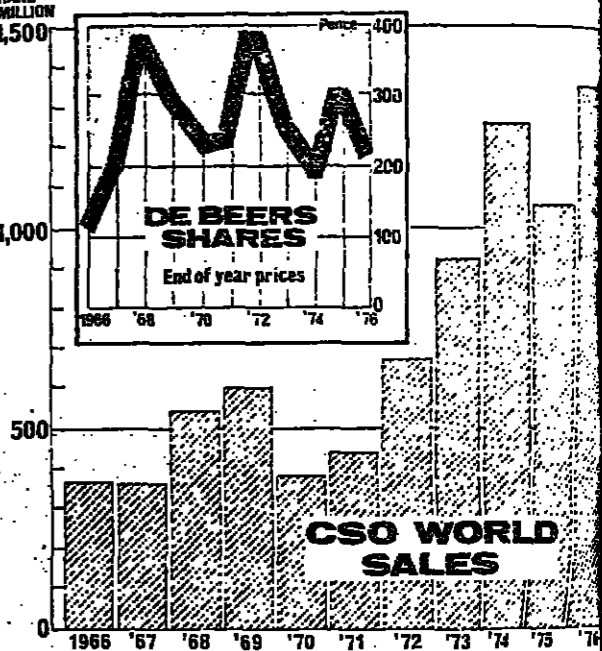
Leaving aside technical issues like the rand securities discount, the reason for the (temp performance is linked to fears about the political future of southern Africa, and concern about what this holds for the heavy concentration of De Beers interests in the area.

That said, the actual sales of De Beers are linked to another set of factors. The improvement in the general economic situation of the industrialised countries lies behind a 70 per cent. rise in the CSO figures. Total sales of gem and industrial diamonds in 1976 were worth £1,355m. (£892m.), compared with £793.4m. in 1975 and £849.1m. in 1974.

Publicity drives have brought younger buyers into the diamond jewellery market and there has been strong demand for small stones. Larger stones made a quieter showing.

Stable period The market looks as if it is in the middle of a stable period. The stocks are not apparently available for a speculative sell-off; they came out during the summer when the 1976 low point of \$104.125 an ounce was touched on August 31. There is also the expectation that sales from the Soviet Union will be made in such a way as to nurse the market, although their quantity might be much the same as last year at about 200 tonnes.

FACETS OF THE DIAMOND



DE BEERS SHARES and CSO SALES

De Beers locks set fair for a favourable 1977 given the prospect of economic expansion in the U.S., Germany and Japan the major markets. Such expansion would also help to keep up the industrial demand for gold, which showed signs of levelling off at the end of last year.

Early this week the bullion market sagged, losing \$3.75 in two days and taking the price down to \$129.125 an ounce. But since Wednesday there has been some recovery and yesterday's close was \$131.625.

In 1973-75, some 7m. ounces were taken into reserves. The producer of mines thinks the producers would be entitled to some payment for this gold in the event of a revaluation of the total holdings. At present prices this is worth, after tax, some year £160m. (£105.5m.).

If parliamentary approval was given for such a payment, the results could be significant for older mines, in the process of being run down. In Johannesburg it is calculated that East Daggafontein could benefit by 55 cents (36p) a share, Leslie by 17 cents and Marievale by 49 cents.

After falls in the early part of this week, gold shares partially revived and the Gold Mines Index yesterday was 112.1 compared with 117.4 at the end of last week. But on Thursday they were overshadowed by the sudden vigour of tin shares.

MARKET HIGHLIGHTS OF THE WEEK

Table with 5 columns: Instrument, Price Ytd, Change on Week, 1976/7 High, 1976/7 Low.

U.K. INDICES

Table with 4 columns: Index Name, Average, Jan., Dec.

TV Radio

BBC 1 8.30 a.m. Myster Men, 9.05 Indoors Outdoors, 9.30 Multi-Coloured Swap Shop, 12.13 p.m. Weather, 12.18 Grandstand: Football Focus (12.25); Racing from Ascot (12.50), 1.25, 2.00; Rugby Union (2.20) The Calcutta Cup; Eneland v. Scotland, Cup; Eneland v. Ireland (highlights); 4.40 Final Score with classified football, rugby and racing results, 5.05 Tarzan, Lord of the Jungle, 5.30 News, 5.40 Sport/Regional News, 5.45 Jim'll Fix It, 6.20 Dr. Who, 6.45 Saturday Night at the Saurley; "Hambly Brooks", starring Oliver Reed, 8.25 Ronnie Corbett's Saturday Special, 9.10 Starsky and Hutch, 10.10 Match of the Day, 11.10 Parkinson, 11.15 Regions as BBC-1 except at the following times: 2.20-4.40 p.m. Rugby Union: Wales v. Ireland (concurrent with BBC-1 from 4.00); 12.10 a.m. News and Weather for Wales, 1.30 p.m. Scotland—1.55-5.05 p.m. Scoreboard, 10.10-10.40 Sportsweek, 10.40-11.10 Alastair, 12.10 a.m. News and Weather for Scotland, Northern Ireland—2.20-4.00 p.m. Rugby Union (Wales v. Ireland), 4.00-4.40 Rugby Union (England v. Scotland) highlights, 4.45-5.05 p.m. Scoreboard, 5.40-5.45 Northern Ireland News, 12.10 a.m. News and Weather for Northern Ireland.

2.25 p.m. Saturday Cinema: "An American Romance," starring Brian Donlevy, 4.25 Play Away, 4.55 Dastardly and Nuttley in and at 4.00 Wales v. Ireland (highlights); 4.40 Final Score with classified football, rugby and racing results, 5.05 Tarzan, Lord of the Jungle, 5.30 News, 5.40 Sport/Regional News, 5.45 Jim'll Fix It, 6.20 Dr. Who, 6.45 Saturday Night at the Saurley; "Hambly Brooks", starring Oliver Reed, 8.25 Ronnie Corbett's Saturday Special, 9.10 Starsky and Hutch, 10.10 Match of the Day, 11.10 Parkinson, 11.15 Regions as BBC-1 except at the following times: 2.20-4.40 p.m. Rugby Union: Wales v. Ireland (concurrent with BBC-1 from 4.00); 12.10 a.m. News and Weather for Wales, 1.30 p.m. Scotland—1.55-5.05 p.m. Scoreboard, 10.10-10.40 Sportsweek, 10.40-11.10 Alastair, 12.10 a.m. News and Weather for Scotland, Northern Ireland—2.20-4.00 p.m. Rugby Union (Wales v. Ireland), 4.00-4.40 Rugby Union (England v. Scotland) highlights, 4.45-5.05 p.m. Scoreboard, 5.40-5.45 Northern Ireland News, 12.10 a.m. News and Weather for Northern Ireland.

Advertisement for Chess Solutions, featuring 'Q-Q-R-I' and 'K-K-K' notation.

Your savings and investments

Change for unit trusts

BY CHRISTOPHER HILL

THE past, a good way of selecting next year's winners in the unit trust field has been to take a good look at last year's winners. Of course it has always been a bit of a cliché, but it worked in 1975. However, last year, my colleague Eric Short turned to the researches of Gurney & Hambros Bank... said that the good performers in one year tend to do well on average in the subsequent year unless market conditions change very markedly in one year to another—on the reverse would happen.

change with greater rapidity than once was the case. The unit trust industry has been pressuring for an increase in the level of unit trust charges for many years and this year the perennial request seems to have been received with more than usual interest—by the Department of Trade at least. At the moment the rule of thumb is that unit trust managers have a basic restriction that charges may not amount to more than 1½ per cent over 20 years and that out of this they have to pay all expenses including investment, administration, postage, registration, and other costs. The universal feeling is that this system of charging is inadequate, partly on the grounds that basic costs have expanded faster than the new intake of funds and partly because the U.K. unit trust industry is the only one

in the world where the managers are required to pay everything out of a fixed charge. Of course a few years ago everything was slightly different in that a free-for-all in charges might have led to undercutting by the major groups in order to mop up a larger share of the market. But now everything has changed to the extent most groups are trying to maximise their profits on existing funds. The point is, however, that there are disagreements about the best way to raise charges.

Clearly the bigger groups with a high average holding among their unitholders might prefer to have a basic rise in the permitted level of charges—perhaps a 5 per cent initial charge plus 1 per cent per annum basis or variations on this theme. They already have an economic basis on which to

operate. But the smaller groups with below average holdings would probably prefer to charge some of the expenses of managing an individual unitholder against the fund without increasing the basic charges. This would help groups like Oceanic which has large numbers of small unitholders with less than £100 invested each.

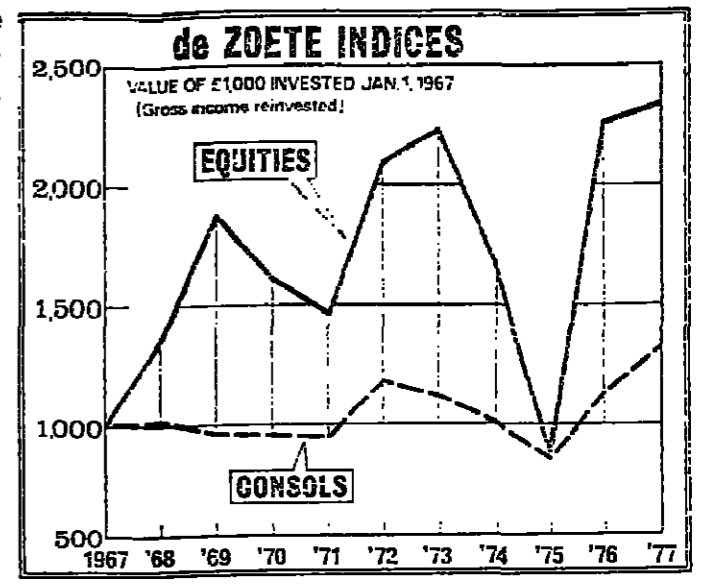
Judging from the reactions of the fund managers it seems that a combination of direct and indirect charge increases is under consideration and this seems to raise hopes generally. But, remembering the days when the market was on the upgrade, it seems to me that charges are of major interest at times when conditions are bad. It is also significant that individual unitholders seem to care very little about charges. They are mostly concerned about the extent to which the managers make

A longer view on gilts

BY ERIC SHORT

ONE SIGNIFICANT feature last year in the investment scene was the strong marketing by some financial institutions of gilt-edged funds. We even had Target—a leading unit trust group—taking the plunge in launching the first authorised gilt trust, an example which so far no one else has followed. Investors with long enough memories may find this rather ironic, considering many of these same institutions in the past treated this sector as a parish.

There were two reasons for this sudden popularity of gilts. The equity market remained in the doldrums for much of the year, so an alternative investment media needed to be marketed. And the historically high level of interest rates made gilts an attractive alternative. But does the gilt-edged market really offer investors better prospects over the longer term than equities? Investors can judge for themselves, because this week De Zoete and Bevan, a leading firm of stockbrokers published its annual edition of "Equity and Fixed Interest" investment.



reached £1,425. De Zoete also shows that investment of a similar amount in Treasury Bills, would have grown to £1,254.

Short-term

The table shows what has happened over the past 10 years, a period which includes two full equity cycles and except for short periods equities have outperformed gilts. This tends to confirm the view expressed by Mark Weinberg of Hambros Life that gilts should be looked on as short-term holdings to be switched into investments based on real assets, such as equities or property, at the appropriate time.

Inflation

The equity price index, adjusted for inflation, now stands at 134 compared with 100 in 1919. So over 60 years, equities are still ahead of inflation. The experience of the past 10 years is, however, different. On January 1, 1967, the adjusted index was 39—twice the current value—while on January 1, 1968, it was 483, three times the present level. The reliance placed in equities to keep pace with inflation has over the past few years been misplaced.

Hypothetical

This traces the investment performance of a hypothetical fund invested in the Ordinary shares of 30 leading companies and of a fund invested entirely in Consols 2½ per cent. De Zoete has following the performance right back to 1919, the latest publication bringing it up-to-date for 1976. So investors can analyse the results over any period within the past 60 years to gauge the merits of equities and gilts.

Over the whole period, equities have outperformed gilts by a considerable margin. But taking the period since the war as providing a more relevant period for comparison, an investment of £1,000 made on January 1, 1946 would have grown, with gross income reinvested, to £18,413 by January 1, 1977, whereas the Consols fund would have

any investment these days is, done soon. So the message is, done soon.

Weather eye on plantations

BY TERRY WILKINSON

MARKET OBSERVERS have signed to achieve the same end but at the same time extinguish other eye on plantation companies for signs that they may be about to transfer their residence to Malaysia and have provisionally been rewarded by ensuring dollar premium inflow. One focus of investor attention recently has been the empty, though dogged by majority opposition, by three companies — Golden Hope, London Asiatic and Pataling—meet the aspirations of Malaysian nationalism while at same time see to it that their shareholders get a square deal.

plans for approval. It is feared by some that the original welcome may not be repeated, although Harrison says they have no reason to believe this might happen. Apart from tiny plantation companies, the major concerns still resident in the U.K. are well diversified and face the burden of selling their U.K. interests to gain Treasury permission for a full-blown transfer of residence, even if that were their wish. Guthrie and Plantation Holdings have solved this problem by forming Malaysian subsidiaries into which they are in the process of feeding their plantation assets but in which they will retain majority control. PH may eventually float 30 per cent of the new company on the Kuala Lumpur stock exchange but at current high rubber prices this may be some way off. Neither scheme will of course attract the dollar premium.

Yule Catto is a rather different case, however. Discussions began a year ago with Telok, a Malaysian company with the aim of merging estates but fell through. Subsequent legal action taken by Telok is hampering separate talks with Kuala Lumpur Kepong, now a Malaysian resident, which took

Bonus news

THE BONUS declarations made so far—those life companies where the actuary does not wait for the valuation results before deciding what to do—have been

like the curate's egg, good for some investors. Nine companies have made full declarations this year of which six lifted their reversionary rates by a useful margin. But of the five companies in the interim stage between full declarations only one—Provident Mutual—increased its interim bonus, the others remaining unchanged. But before investors in these unchanged companies write complaining letters, they should reflect that the actuary may well be keeping his powder dry until the next full declaration. Then he can assess the situation and possibly lift the bonus rate by a more useful amount.

Two companies—Norwich Union and Provident Mutual—increased their terminal bonus rates, a somewhat surprising move in view of the market's performance last year. The rest did the expected thing and kept their terminal rates unchanged, except for Scottish Widows where a marginal cut was made.

Restructure your portfolio with the benefits of Schlesinger PIMS



Better than blue chips

Market Leaders PIMS

AIM: to always remain fully invested in quality U.K. equities so as to move closely with, or ahead of, the market indices. SUITABLE FOR: blue chip investors who appreciate the need for a wider spread, continuous management and tax savings; and professional investors seeking an 'index' fund. The current estimated gross yield at 23.4p is 6.20%, distributed on 8 January and 8 July. Investing in the Trident Market Leaders Fund—with PIMS—gives you these benefits: a carefully selected and spread portfolio of leading blue chip companies, which are listed below. Tax savings because of the favourable capital gains tax treatment of unit trusts. Schlesinger look after all the investment paperwork. Cost savings from our share exchange scheme (see below). Fully invested—'an index' fund. The Market Leaders Fund has been specially designed for individuals, Trustees or other professionals who wish to choose how much of their invested capital should be in the U.K. market. The Fund therefore remains fully invested in the U.K. market at all times. Capital and income performance should continue to move broadly in line with the indices. But, in the long term, the constant management and sector weighting should enable the Fund to outperform the indices. Share exchange. To restructure your portfolio, switch your shares using our share exchange scheme. You will receive the market buying price instead of the usual selling price less expenses, if you switch into the Fund over £500 in any of the shares listed below. Any switch would be regarded as a capital disposal. The portfolio as at 12 Jan 1977: Allied Breweries, Associated Portland Cement, Balfour & Beatty, Barclay's Bank, Baxi, Biffaward, BICC, Bovis, Bovisair, BP, Brown (J), Commercial Union, Corstorphine, Dabblers, Eagle Star, EMI, English China Clay, F&L, Fisons, GEC, General Accident, Generali, GKN, Glaxo, Globe Investment, Glyn, Gurdian, ICI, ICA, ICI, Grand Mère, Hawtrey, Haverhill, Hoechst, ICI, Imperial Group, Industrial & General, Ives, J. S. & Co., Lloyds, Marks & Spencer, Metal Box, National Westminster, P&O, Philip Hill, Ives, Pilkington, Prudential, Raca, Rank Organisation, Ready Mixed Concrete, Reed, Reynolds, Persico, Rowntree Macintosh, Sedgwick, Forbes, Shell, Sullins, Tan & Lyle, TSB, Thorn, Unilever, Unilever Corporation, Trust House Forte, Tebo Investments, Unilever, Union Discount, United Bankers, Vickers, Wm & A. G. (Coca-Cola).

American Opportunity

American PIMS

AIM: to enable U.K. residents to spread their investment internationally into the U.S., while minimising exposure to the dollar premium. Schlesinger currently recommend that 25% of private capital should be invested there. SUITABLE FOR: investors who need to increase the U.K. proportion of their portfolio to the 25% recommended by Schlesinger. The current estimated gross yield at 32.1p is 2.96%, distributed on 19 April. In the current economic climate of the U.K., common sense to diversify one's investments internationally. An international outlook to trade and investment has always been a feature of the British. Such a policy not only provides wider diversification of risk but should also offer better prospects for capital growth. This policy is particularly recommended at a time when there are many uncertainties facing the U.K. stock market. Schlesinger's American PIMS, linked to the Trident American Growth Fund, offers the opportunity of participating in the considerable strengths of the American economy, set out below. 1 U.S. Inflation over the last 12 months was only 5.0%, and is expected to remain low. 2 Profits are estimated to have risen by at least 30% in 1976 with further rises anticipated in 1977 and 1978. 3 The U.S. market is still historically cheap on a 1976 price earnings ratio of 10x, compared with the range of 13-20x for the average in each year between 1956-73. 4 America is 100% self sufficient in food and over 55% in oil. 5 Unions and both political parties understand the role of capital and profits. At the beginning of 1976 the Schlesinger Recommended Portfolio included only 10% in U.K. equities, but 40% in U.S. equities. During the year the U.K. market fell by 3.9% and the U.S. market rose by 19.1%.

A high but growing income

Income PIMS

AIM: to provide both a high yield now—estimated 10.5%—and an increasing income in the future, plus growth of capital. SUITABLE FOR: standard rate taxpayers seeking a high and rising income to combat inflation. The current estimated gross yield at 34.1p is 10.52%, distributed on 25 January and 25 July. The Trident Income Fund, with PIMS, has a special portfolio consisting of U.K. equities (22.5%), income shares of dual capital investment trusts (14%), convertibles (8.5%), and dated preference shares (30.4%). The Managers intend over the medium term to increase the proportion of the Fund in equities as the "yield gap" narrows and the current uncertainties in the equity market are resolved. This offers: 1 A high income now. At 10.52% the starting yield is more than 60% higher than that of ordinary shares as measured by the Financial Times indices. 2 Increasing income in the future (see table). Since the inception of the Fund the increase in distributions has outstripped the increase in the Retail Price Index—no mean feat in these inflationary times. DISTRIBUTION PER £100 INVESTED Year 1970 71 72 73 74 75 76 Payment £ 25 39 40 56 68 88 96 Pence per unit 0.63 0.99 1.00 1.14 1.7 2.2 2.4 3 Protection of your capital. An important long term investment aim is preservation of capital. With only 60% of the fund in ordinary shares it is more conservative and less volatile than a conventional all equity income trust and the 40% of the Fund in fixed interest and dated preference shares offers a guaranteed return to redemption. 4 Growth of your capital. Since the fund was launched in June 1969 the offer price has risen 36.4%. During the same period the FT Industrial Ordinary Share Index has fallen 13.7%.

Highly taxed?

Nil Yield PIMS

AIM: to improve a returns net of tax: to ensure more reliable capital growth using Schlesinger's unique 3 way portfolio. SUITABLE FOR: all higher rate taxpayers, trustees, children's income, CIT gifts. For higher rate taxpayers, income yield is far less attractive than capital gains made in an authorised unit trust, as the current taxpayer such gains are worth nearly 5 times the same income return, as the table shows: GROSS INCOME AND DATED PREFERENCE SHARES Table with 5 columns: Taxpayer, 50%, 70%, 90%, Total. Rows: Taxpayer, 50%, 70%, 90%, Total. Values: 8.7%, 14.6%, 43.7%, 5.7%; 17.5%, 29.2%, 87.5%, 10%. The solution is plain: to invest for capital growth. However, growth investment may involve an unacceptable degree of volatility. The object is to achieve a high growth with greater reliability than a normal equity portfolio investing for capital growth. For this reason the Trident Nil Yield Fund—with the PIMS service—has: Three portfolios in one: 1 Gilts and Loan Stocks. This section currently accounts for 76% of the portfolio, because of the high guaranteed returns available. Government stocks account for 65%, and other fixed interest investment, 11%. 2 Overseas growth stocks with current emphasis on the U.S.—22% of the Fund. Back-to-back currency facilities largely account for the rest of the dollar premium. 3 U.K. equities combining high quality, low yielding shares with Capital Shares of Dual Capital Investment Trusts. This is currently a small proportion of the Fund, although it is very high in investment conditions. Although the portfolio is currently heavily invested in Gilts and Loan Stocks, actively managed for capital growth, the proportions in the three portfolios are varied considerably according to the Managers' prevailing investment policy and the defensive aims of the Fund. The Fund is designed for long term and relatively stable capital growth—it is unlikely to move up or down to the same extent as equity markets, as the graph shows. In the current period, we expect a small yield of approximately 0.5% gross (on the current offer price of 26.6p), and the net income will be accumulated on 30 November.

The benefits of PIMS

PIMS is the Personal Investment Management Service, exclusive to Schlesinger, combining the merits of private portfolio management with the tax and administrative advantages of an authorised unit trust, designed for investors of £2,500 and over. Investors receive frequent, detailed reports on investment policy with portfolio valuations and are invited to regular meetings with the investment managers. Schlesinger Recommended Portfolio is published regularly. It gives specific and up-to-date advice on portfolio structure, primarily for use by professional advisers. The PIMS consultants advise on restructuring portfolios, taking account of this and individual requirements. The investment management is handled by Schlesinger Investment Management Services who manage over £70 million of private, institutional and pension funds. Withdrawal facilities are available on any of the funds to realise a regular percentage of capital in lieu of income. The facility represents a means of increasing spendable 'income' in a tax efficient manner and is particularly flexible for individual needs. Share exchange facilities through an attractive cost-saving scheme are also available. Investments in any of the funds should be regarded as long term. Remember that the price of units and the income from them can go down as well as up. General Information: To buy units, use the form provided. Units are allocated at the price ruling on receipt of your cheque. The minimum investment in the Fund is £500 or £250 with the PIMS service. A written report will be sent by return. Unit prices and yield are published daily in leading newspapers, weekly and prices quoted against the funds were those on 12 Jan. Income is distributed net of basic rate tax. To sell units, return your certificate endorsed on the back, indicating the number you wish to sell for which you will receive the bid price ruling on receipt. For a need it normally takes within 7 days of our receiving the renounced certificate. Use this coupon to invest immediately or to find out more about these funds, which you may wish to discuss with your professional adviser. To: Schlesinger Trust Managers Ltd., Freeport, RCE 22, 140 South Street, Dorking, Surrey, Wokingham and Exeter. Answerphone Tel. Dorking (0703) 5541. I wish to invest (minimum £500) I would like more information about (This section) £ in the Trident Market Leaders Fund £ in the Trident American Growth Fund £ in the Trident Income Fund £ in the Trident Nil Yield Fund at the price ruling on receipt of my cheque which is included in remittance made payable to Midland Bank Limited. A free, latest PIMS report and valuation will be posted by return with contract notes. I would like details of the Share Exchange and Withdrawal Schemes. I declare that I am not resident outside the Scheduled Territories and that I am not acquiring the units as a nominee of any person resident outside the Territories. If you are unable to make this declaration, it should be deleted and this application form should then be lodged through your U.K. bank, stockbroker or solicitor. Minors cannot be registered, but accounts deposited with their initials will be accepted. Surname (BLOCK LETTERS PLEASE) First names Address Signature (In the case of a joint application all must sign) Date

Schlesinger PIMS



# Motoring

## porty roadster without masochism

STUART MARSHALL

Is a sports car be uncomfortable? Traditionalists seem to think so but Leyland disagree. I am on their side. Leyland's TR7 proves there is no need to mix masochism with car motoring. It is close to an ideal combination of pure comforts and lively, sensitive performance.

For sheer enjoyment, I put the TR7 (and especially the five-speed gearbox version which is for export only) at the top of the class as Porsche Carrera, Lotus Elite, Alfa Romeo Sprint—the three that gave me most pleasure last year.

Looks are a matter of opinion. Like those multi-eyed monkeys at London it is prettier when seen from the front. The bonnet is wide, with lidded headlights that pop up quickly enough to be used to give an alarming flash. From the side, it is rather ugly and the end is severely chopped off. It had been conceived as a rear looking fastback in the place, because that would have allowed for a bigger top to bottom and fairly deep, but too shallow from top to back.

When you get into the TR7 the first time (and mind head when you do) it is being in a mid-engined car. The rear window is only inches away. The bonnet slopes gently, giving excellent forward visibility, a feature made possible by tilting the engine over the side.

The windscreen pillars are thick and the rear roof supports are embarrassing when joined by a main rod at an awkward junction. The blind spots make are big enough to be a juggernaut lorry. In 3500's—the TR7 is higher



geared, doing 21 mph at 1,000 rpm in top instead of 18 mph. The five-speed model I had at the end of December did not suffer from exhaust system vibration either, and was quieter at 90 mph than the earlier one had been at 60 mph. The five-speed car will not be available in Britain until the summer, but anyone planning the use of a TR7 mainly for long-distance driving would do well to wait. The price difference between four- and five-speed models is £140, which includes a stronger rear axle and higher speed-rated tyres. Totals are £3,334 for the four-speed, £3,475 for the five-speed. An automatic is listed at £3,584 though it is hard to get hold of at the moment.

Both the four-speed and five-speed boxes have a rather clumsy change and the lever, with a fist-full of gear knob, is like something from a seven-tonner. The steering is heavy at low speeds and especially when parking, due in part to the wide tyres but also because it is high geared. What American buyers brought up on an effortless power steering, make of it I can't imagine. However, the TR7 handles most competently, cornering nearly flat and displaying a well balanced muscularity on winding roads. Hard cornering on bad surfaces makes the rear axle thump around but ride comfort generally is very good for a sporting car, even if it is not (as Leyland claim) of the kind you expect of a luxury saloon car. Fuel consumption is around 25-27 mpg with the four-speed gearbox, a little better with the five-speed, especially on a long trip.

It is a personable kind of car, an updated, alternative to the MGB GT.

# Golf

TOBAGO, Friday. SCEPTICS AMONG the British professionals currently in residence here at Mount Irvine Bay for a fortnight of amateur, professional and pro-am championships, were not exactly in short supply when I broke the news on arriving from Phoenix, Arizona, on Monday evening, that Jerry Pate had won the opening event of the 1977 U.S. Tour, and added the rider that the 23-year-old Pate is the man confidently expected now to take over the mantle of the legendary Jack Nicklaus.

Those who have so far only seen Pate on his British appearances have every reason for doubt, since this Georgia-born youngster managed to achieve an almost unique record by losing the Walker Cup matches at St. Andrews in 1975, being bundled out of the Amateur Championship in his first match by a British teenager less than a week later and taking 57 in the third round of the 1976 Open Championship to make sure of missing the last day, having brushed with an official on the way.

Pate is bitterly disappointed with himself for those lapses rather of behaviour than lack of technique. He told me in Phoenix how anxious he is to put straight his record in Britain with all he was enjoying a Sunday afternoon outing with friends at Pensacola Country Club in Florida, where he is now domiciled.

## In a great mould

BY BEN WRIGHT

Pate's swing has always been a thing of beauty, but in the last year he has added a touch of steel to the flawless rhythm that had previously been almost unique to Gene Littler in the top class of American professional golf where controlled violence is a much more widespread stock in trade. It is now really up to Pate to decide how good he will become, and I have no fears—rather the reverse—on that score. It could well be a price-less advantage that he and his attractive young wife, Soozie, so obviously enjoy the nomadic life that is hard labour to many. It was particularly disturbing to arrive in Phoenix to be acquainted by a well-wisher of a startling number of divorces that have occurred amongst the leading players in the close season, clear evidence of the unsettling nature of a profession that the public largely fails to see.

Pate was, in a sense, lucky to get a second bite at the cherry in Phoenix. Two splendid rounds of 67, followed by a satisfactory 70 in the rain and raw cold of Saturday, enabled him to take a lead of one shot over Dave Stockton, the current U.S. PGA champion, into the final round.

After an unsettling delay of 2 1/2 hours caused by overnight frost—the temperature was 26 degrees when play was due to start despite the smartly-tailored blankets placed on the green—Stockton stood on the 14th tee two strokes ahead of Pate. For most of the players, this was a drive-and-pitch hole. Stockton, who is infamously short, buried his eight-iron second shot in a greenside bunker, and for once failed to get up and down in two shots—his great strength. He took three putts on the huge green at the 204-yards 15th for the first time in the tournament to allow Pate to draw level, and so they returned to the 18th, and against all the odds Stockton played a similarly poor tee-shot to a green 140 feet wide, an once again three-putted to lose to Pate's immaculately played par 3.

Next week a report on the early form of seven British Ryder Cup pairs and several more hopefuls who have escaped momentarily the rigours of winter to polish their games in hot sunshine and idyllic surroundings. It is hardly a bad life for those who merely observe, and whose memory is quickly purged of the odd disaster or three by an occasional rum punch at the poolside.

Stockton, who acknowledges his frailties with cheerful stoicism, asserted that if everyone in the field had hit the ball as far from the cut portions as he had, Pate would have won by 15 shots. But what a scambler is Stockton. On Saturday at my television hole, the 17th, a dogleg to the left of 420-yards where the big hitters required no more than a 9 iron, Stockton hooked a 2 iron shot from the trees on the right into a greenside bunker no-one else found that day—it being so wide. His 40-yard recovery shot finished six inches behind the hole.

On the final day, Stockton almost killed his wife with a drive 50 yards offline at the 7th hole. But his embarrassment was hardly the equal of my own in the Pro-Am when, to the huge amusement of a large crowd, my first drive flew at knee-height for some 100 yards before the ball became impaled on a giant cactus well to the right of the intended line.

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## Skiing

ARTHUR SANDLES

WHEN Cindy Nelson failed to stop from her downhill ski speed of 70 miles an hour within the measure 100 yards allotted for the purpose at Garmisch Partenkirchen this week the resultant crash was more than just a personal tragedy. Miss Nelson broke an ankle when she hit the straw bales and is now back home in the U.S. nursing her bruises, contemplating the prospects of a ruined ski season, and doubtless harbouring a few unflattering thoughts about the officials who waited until after the accident before enlarging the stopping zone.

Miss Nelson is America's most accomplished all round women skier by far. An Olympic medalist she is riding high in the World Cup ratings, a league table run on similar lines to the Motor Racing World Championships. The tragedy of her departure from the World Cup scene is that

American interest in the European-dominated Cup series has been developing rapidly of late and this year the series has been showing signs of becoming truly international. For this new American enthusiasm to be maintained there needs to be some American names in the listings. Miss Nelson's departure, therefore, is a dangerous loss.

Now American attention must focus on Phil Mahre who has done well in the men's circuit, and women skiers such as Susie Patterson and Jamie Kurlander. As far as the women are concerned, however, it is now likely that Canada's Kathy Kreiner will be the top North American of the winter. Britain's Valentina Iliffe might well prove superior to the remaining American challenge.

The World Cup circus moves its racers, trainers, equipment and officials to Austria this weekend. Now that skiing is prime time television in Continental Europe and North America the most significant races are usually on Saturday and Sunday. Over the next few weeks there will be races in France, Switzerland, the U.S., Japan and Spain.

So important, and lucrative, are these days that the professional circuit, which started in the U.S., has been overshadowed. At one time it was able to recruit such stars as Jean Claude Killy, but this year all the world's top people have stuck with the World Cup. Skiers can now be paid permanent "broken time", originally intended as payment for brief training periods to compensate for lost earnings in normal jobs. They are also free to endorse products such as skis and clothing (officially they still have to do this through their national ski association). This means that the professional, whatever that might mean to-day is gone. It gives the Olympics committee a nasty problem, however.

To-day and to-morrow the men compete. For reasons which I have yet to fathom the only planned U.K. TV coverage was 12 minutes on ITV—at 1 o'clock to-day. The argument that skiing is an esoteric pastime hardly seems to wash, since ITV is dedicating 40 minutes to American football. Could it be that 40 minutes of old incomprehensible football is cheaper than same day 12 minutes of



Cindy Nelson

skating? Ah well, these are straightened times. The U.K. blizzard has, however, ruined domestic sport and given additional ski coverage as an emergency stop gap. In the downhill the real upset will be any displacement of the Austrian's in the top three altered.

places. Franz Klammer is the favourite once more but if Switzerland's Bernard Russi can get close to him there will be furrowed brows in the Tyrol tonight. The Austrians have reigned supreme in the downhill for five years now and do not look like being disturbed. Their fortunes in the slalom events have been less impressive, but we must wait until Sunday for those results. Victory in the slalom races is important historically for any nation since these events require skill in turning, which is the beginner's main problem. The theory of it is that the nation which turns best in racing must surely teach best on the nursery slopes.

The skiers race in batches of ten, graded according to standard. Thus if you are drawn 35th, you must finish in the twenties to have moved up one division. Konrad Bartleksi did this for Britain last Saturday at Garmisch—he started 50th and finished 34th—which was quite an achievement for a lowlander. The British men this weekend will be competing in the European Cup. Also this weekend are the Kandahar races, with so much snow in St. Moritz that the schedule has been altered.



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Our shareholders may exercise their subscription rights in the period FROM JANUARY 26 UP TO AND INCLUDING FEBRUARY 8, 1977

by submitting dividend coupon no. 32 of the old shares to our paying agents (Kleinwort, Benson Ltd., London; S.G. Warburg & Co. Ltd., London). The subscription price must be paid no later than February 8, 1977.

Application has been made for the registration for trading and official listing of the new shares at all German securities exchanges and at the stock exchanges of Amsterdam, Antwerp, Basel, Brussels, Geneva, Paris, Vienna and Zurich. This announcement appears as a matter of record only.

BASF Aktiengesellschaft D-6700 Ludwigshafen



Travel

Summer days

BY PAUL MARTIN
AMONG THE SERIES of end-of-the-year reviews and forecasts that inevitably fill up a certain amount of space in all the media as we move on to 1977, a good deal of fairly serious thinking has taken place within the travel trade...



The wall surrounding Dubrovnik, Yugoslavia

Hotel Rio. In that favourite British haunt of Allassio on the Italian Riviera, is available from £119 with full board. There is also a discount for those who book early.

Fishing

JOHN CHERRINGTON
I HAVE OFTEN thought how nice it would be to own a stretch of salmon river. One where I could go and fish when the spirit moved me...

Gardening

Dig for victory

BY ARTHUR HELLYER

"I HAVE JUST acquired by first garden," says a reader "and I do not even know how to use a spade. Please tell me something about the basics of gardening..."

and even small trees are likely to outnumber herbaceous perennials. And once you get ground filled with more or less permanent plants the less digging is done the better.

TRAVEL
More tourists are visiting SKUKUZA (Kruger National Park) ...and HLUHLUWE (Home of the White Rhino) ...and TABLE MOUNTAIN (Cape Town) ...than ever before

Japan
perhaps the most delightful country you have yet to visit.
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Handwritten signature and date at the bottom right of the page.

# How to spend it

**HIS** year there was a bumper entry to the How to Spend It Quiz (compiled for us by Quiz Digest to whom our grateful thanks). Thank you, too, to all the readers who entered into the spirit of things and to all those who wrote with good wishes and thanks for the hours of entertainment the quiz had given them. It was particularly pleasing to see such a large entry as at least three of the problems were, I think, very difficult indeed. Any of you, however, managed to complete the difficult problems and fell down very simple things. For instance, as few entries as we drew were almost entirely accurate except for the fact that instead of saying that Simple Simon fell in the horse-race problem, they described him as coming in fifth. All race-goers now there is a vast difference between the two so, reluctantly, I felt we had to discard those entries. Another potential inner had everything correct except that he forgot to circle round the letters forming Harvey Smith's name in the writing cups problem. He, too, sadly did to go.

## ANSWERS TO THE CHAMPAGNE QUIZ

By common consent the most difficult problems were "Figure It Out," the horse race and the farmer's field with the trees that had to be divided into equal parts and shapes. Several of you came up with different and ingenious solutions to the farmer's field and nobody was rejected if the answer was different but fulfilled all the conditions of the question.

One reader, who deserves a prize for wit but not for completing the quiz, declared that "as the will is being disputed this matter is sub-judice; therefore I have not submitted the answer."

Another reader wrote such a learned caveat to the bath problem that I wasn't able fully to understand it. "The result

of the bath puzzle," he wrote, "is based on the existing data and ignores any variations in rate of emptying due to head of water, siphoning effect and friction losses in drain pipe." He also got the answer right!

There was just one complaint — from a mathematician who failed to solve the "Figure It Out" problem and felt we should stick to general knowledge, literary, logic and crossword questions in future. On the other hand a doctor from Chester wrote to say that he particularly liked that problem as he appreciated ones that could only be solved by those with "sticking power and determination."

Many readers seem to have done the

quiz in groups — some in their offices (I won't mention which), some in trains and some in family groups. Honourable mentions must go to the Fowlers of Caversham who sent in six separate entries, culled from six different copies of the Financial Times. One of them very nearly won a prize but was among those who described Simple Simon as coming in fifth.

Sadly we could only award three magnanimous of champagne — I say sadly because clearly so many of you had gone to so much trouble and had penned such neat and ingenious answers. To find a winner we juggled all the completed sheets about and asked an independent witness to draw out the first three entries. None of these were correct so he had to go on drawing until we found our three winners.

Many congratulations and a magnum of champagne each to the following: David Parkes of Bristol, Peter Fowler of Brentwood, Essex and Adam Broadhead of Chichester, London.

Below we give the answers.

I AM sure almost all How To Spend It readers will be glad to know that PHILIPPA DAVENPORT is back. She has, unfortunately, not been able to write for us for the last six months, one of the major reasons being that she has been supervising and devising the new Marshall Cavendish part-work Good Cooking. Readers who like her approach to food may well like to buy the series as it comes out. What I like about it is that it doesn't assume we know anything. For instance, the first issue explains clearly, with ample full-colour illustrations,

## CELEBRATING THE NEW YEAR

Philippa Davenport

Prepare the potatoes, so allow yourself plenty of time. Time your cooking, so that the oven can be switched off when you get down to the last course: this will enable the joint to "rest". The potatoes will take about 2 hours to cook and the pork 1½ hours. Gentle cooking means minimum shrinkage of the meat. Allow 6 thinly sliced oranges and 2 bunches of watercress for the salad. No dressing is needed; the orange juice is enough.

3lb. loin of pork, 2 ozs pimento-stuffed green olives.  
3lb. potatoes, 1-oz butter, 1-2 5lb. net celeriac, curiander seeds, salt and freshly ground black pepper

Use some of the butter to grease a really large, shallow gratin dish. Melt the rest. Cut the potatoes into very thin slices and put them in the dish, sprinkling salt, pepper and a little crushed garlic between the layers. Brush the top layer with melted butter and bake at 350 degrees F for 2 hours. Meanwhile, bone and rind the pork and lay it fat side downwards. Chop the olives, spread them over the meat and add a good quantity of curiander and pepper. Roll up the meat and tie into a few neat bolster shape. Sprinkle the surface with a mixture of salt, pepper and curiander and roll the butter in it. When the potatoes have been baking for 30 minutes add the pork to the oven. Don't put it into a roasting tin but place it directly on an oven shelf, immediately above the potato dish so that the work fat and juices will drip down and flavour the potatoes during cooking.

## CONVENT PAVLOVA

(Serves 6 and costs about 70p)  
Commercial lemon curd comes in a Vaseline or jar polishes-like substance; homemade lemon curd is a real treat and convenient curd (made with yolks only) is even more delectable. I don't know what the nuns are supposed to have done with the egg whites but I have used them to make the meringue base for the rich party pudding. Make six individual pavlovas instead of one large one if you prefer. Only

half to two-thirds of the lemon curd is used in this recipe so you can enjoy the rest spread on toasted buns for tea.

4 large eggs, 1 lb caster sugar, 2 lemons, 1 lb saltless butter, 1 pint milk, 1 teaspoon gelatine powder, vanilla essence, 1 teaspoon each vinegar and cornflour.

Separate the eggs and lightly beat the yolks. Dice ½ lb butter and put it in a bowl together with the juice and zest of the lemons, ½ lb caster sugar and the egg yolks. Place over a pan of rapid water and stir until the sugar and butter have melted. By this time the water should be beginning to simmer. Continue stirring until the mixture begins to thicken enough to coat the back of the spoon, then put into clean jars and leave to set.

To make the cream, put the milk in a pan, sprinkle on the gelatine and leave for five minutes. Then add the remaining ½ lb butter cut into small dice and stir over low heat until the mixture is hot and both gelatine and butter have completely dissolved. Do not allow it to boil. Set aside until tepid then blend in a liquidiser for 30 seconds to emulsify. Cover and chill, stirring occasionally.

To make the pavlova, draw an eight-inch circle on a sheet of greaseproof paper. Put on a baking sheet and lightly brush with oil. Whisk the egg whites again until the mixture stands in stiff peaks. Spread half the French meringue over the drawn circle, then pipe the remainder round the edge, placing one row on top of another to make the sides of the basket. Bake at 200 degrees F for 1½ hours or until the outside is crisp and pale gold in colour and the inside is still slightly gooey.

All this can be done a day ahead but the final dish should only be assembled shortly before eating. Spread the cream in the base of the basket, stir in the lightly whipped egg whites, chilled overnight. Then spoon the lemon curd on top. You will only need half to two-thirds of the amount made. Decorate the top with hazelnuts if wished.



M. Thackeray wrote Vanity Fair about Becky Sharp



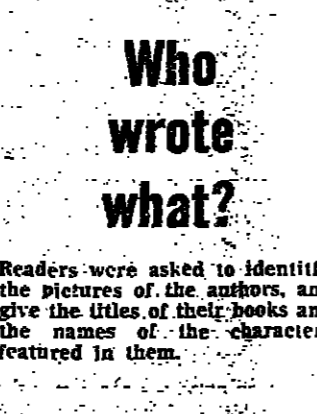
Ian Fleming wrote Casino Royale about James Bond



Margaret Mitchell wrote Gone with the Wind about Rhett Butler



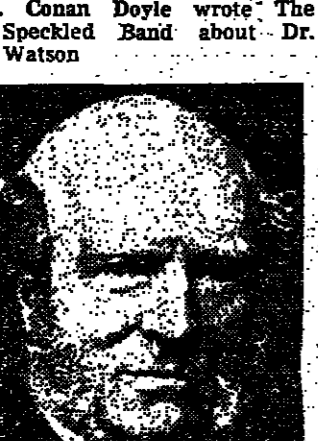
Conan Doyle wrote The Speckled Band about Dr. Watson



John Buchan wrote The 39 Steps about Richard Hannay



Agatha Christie wrote Murder on the Orient Express about Hercule Poirot



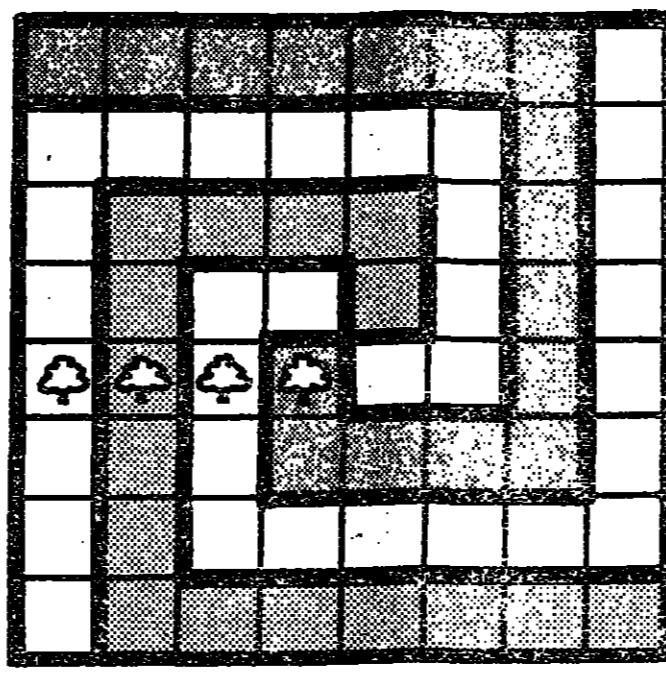
Tom Brown wrote Tom Brown's Schooldays about Flashman



Jane Austen wrote Pride and Prejudice about Elizabeth Bennet



Elizabeth Bennet wrote Pride and Prejudice about Elizabeth Bennet



The field could have been split up in several ways, but this solution was the most popular.

### Who wrote what?

Readers were asked to identify the pictures of the authors, and give the titles of their books and the names of the characters featured in them.

### How good are you at logic?

Five horses took part in a steeplechase. From the information given, readers were asked to determine the colour, the jockey and how each horse finished.

Denton's mount was the faller (clue 3), so from clue 4 we can deduce that the bay came third, and Anderson's horse, the chestnut (clue 1), was the also-ran. Lightning did not win place money, but is not the dapple-grey (clue 2), so he must be Anderson's chestnut mount and the dapple-grey must be Denton's faller (clue 2). We now know the two unsuccessful jockeys. Eagle came second (clue 1), so Crowley must have ridden the winner, with Bloggs third (clue 5). The bay was third (see above), so this is Bloggs's mount. Whizzbang (clue 1). Streaker was placed, but did not win (clue 2), so he must have been second (ridden by Eagle), with Busy Lizzie first (clue 4). Clue 4 also tells us that Streaker is white. We now have the positions of all the horses which finished, so Simple Simon must be Denton's faller. We also know the positions of the dapple-grey, chestnut, bay and white horses, so the winner, Busy Lizzie, ridden by Crowley, is the roan.

Answer:  
Crowley, Busy Lizzie, roan, first  
Eagle, Streaker, white, second  
Bloggs, Whizzbang, bay, third  
Anderson, Lightning, chestnut, also ran  
Denton, Simple Simon, dapple-grey, fell

### But what are their middle names?

Readers were asked to identify these people and give their full Christian names.



Thomas Stearns Eliot



Charles Percy Snow



William Butler Yeats



Jerome Klapka Jerome



Alan Alexander Milne



Pelham Grenville Wodehouse



Gilbert Keith Chesterton



John Everett Millais

### Where the Dickens?

You will find these quotations in the following books:

- Not to put too fine a point upon it. *Elkay House*
- The victim of connubiality. *Pleekwick Papers*
- He's tough, ma'am, tough is J.B. Tough, and devilish shy! *Dombey and Son*
- Once a gentleman, and always a gentleman. *Little Dorrit*
- He had but one eye, and the popular prejudice runs in favour of two. *Nicholas Nickleby*

### Figure it out

With the help of the given clues, readers were asked to complete the grid with the figures 1 to 9. We are repeating the clues to refresh your memory. No two consecutive horizontal or vertical squares contain the same figure and each figure is used four times.

### Porting cups

Readers were asked to name the cups awarded for various sports & then spot the name of a competitor among the answers.

Were were the cups:

- Women's lawn tennis: Wightman
- Hughy Union: Calcutta
- Women's team-table-tennis: Corbillion
- Men's lawn tennis: DeVis
- Men's lawn tennis: AmBrics
- Men's golf: Ryder
- Women's golf: Curtis
- Association football: Jules Rimet
- How-jumping: Nations
- Cricket: Gillette
- Men's team-table-tennis: Swaythling
- Ice competitor is therefore: Harvey Smith

### Shakespearean arrow

Readers were asked to complete an arrow with names of Shakespearean characters. The answer is 24 minutes.

The two taps put into the bath, empty out 1/10 and 1/15 of the volume, and the drain empties out 1/5. So the total amount of water remaining in the bath with each minute is 1/10 + 1/15 - 1/5 = 1/30. The answer is, 24 minutes.

### Absent-minded Amy

Amy left the bath taps running and forgot to put the plug in. Readers were asked to calculate how long it would take for the bath to overflow.

### EBUS

Blind in one eye.

1 A pair of 1s either side of an 8. There are no 7s and the sum is 30

2 A pair of 2s

3 A pair of 3s

4 A pair of 4s, the lowest number is 3 and the sum is 35

5 A pair of 5s, no 7s and the sum is 23

6 A pair of 6s, the lowest number is 3 and the sum is 31

Down

1 A pair of 7s, which are the highest numbers, the sum is 27

2 A pair of 8s and no 5s. The second highest number is 7 and the sum is 33

3 The second lowest number is 4 and the sum is 31

4 A pair of 9s and the sum is 37

5 A pair of 2s and a pair of 3s. The sum is 29

6 A pair of 3s, the second highest number is 5 and the sum is 23

1	2	3	4	5	6
1	8	1	9	6	5
7	1	8	2	9	2
5	8	7	9	2	5
7	5	4	8	4	9
5	6	5	4	2	1
4	7	6	5	6	5

### SMOKY CELEBRAC SOUN

(Serves six and costs about 45p)  
To make the Melted Toast, toast thin slices of bread in the normal way. Then remove crusts, cut each slice in half through the soft centre, put on a baking tray (soft side up) and dry out in a low oven at the same time as cooking the meringue for pudding. For the soup itself you will need:

5lb. celeriac, 1 large onion, dried fenel sticks, dried dillweed, 1½ pint chicken stock, ¼ pint milk, 2 slices white bread, salt and freshly ground black pepper, 2 ozs butter.

Chop the onion finely. Peel the celeriac and cut into small dice. Put into a pan with the butter, cover and sweat for about 10 minutes or until most of the butter has been absorbed. Shake the pan occasionally to prevent sticking or burning. Pour on the stock, add 4 or 5 fennel sticks and 1 teaspoon dillweed. Bring to boiling point, cover and simmer for 30 minutes. Discard fennel and reduce everything else to a purée in a liquidiser together with the crustless bread. To serve, reheat the purée, diluting it with milk and seasoning to taste with salt and pepper. Garnish with an extra sprinkling of dillweed.

PORC AUX OLIVES WITH GARLIC POTATOES AND ORANGE AND WATERCRESS SALAD  
(Serves 6 and costs about £4.10p)  
It takes surprisingly long to

### SPARE PARTS

HAVING just had three major machines in my life (the dishwasher, waste-disposer and washing-machine) all broken down on me at the same time and having been lashed with two very hefty and one minor bill for their respective repair the thought of machinery that does not work is enough to give me nightmares. Very often something is out of action for want of a small part and finding out where to lay one's hands on it is not easy.

Readers may like to know that all 480 of Curry's branches have for some time now been carrying a very comprehensive range of spare-parts all packed in convenient see-through packaging. Among the spares they stock are things like cables and flexes, curlers for Carmen heated rollers, sets plus condenser, and ironing tips, kettle leads with connectors, shaver spares for Remington, Remington, Braun and Philips.

For a wide range of vacuum cleaners, Hoover, Electrolux, Philips, Colston and Hotpoint, Curry's stock various spare-parts like disposable bags, spare belts and filter pads.

For washing machines and sinks there are things like tap adaptors, spin dryer mats and soap powder. There are needles and belts for Jones sewing machines as well as a complete range of electrical do-it-yourself accessories like 13-amp plugs, sockets, switches and adaptors.

A new idea but one that could obviously save a great deal of money for those who are able to do the work themselves is the replacement cooker plate. Since the cost of fitting a new plate is about £9 and the price of the plate is £3.55 for the six inch size and £5.55 for the seven inch size it is clear what the advantage is.

### Post Script

Deva Bridge, whose new jumbo-sized yoghurt-making kit I mentioned last Saturday, have asked me to say that they still make the standard one-pint kit. Obviously many readers were wrong to say that they would like a kit but that a litre is too much for them. The one-pint kit is £5.95 and can be sent by post for 55p p.p. Write to: Deva Bridge House, Department WH, PO Box 5, Stowmarket, Suffolk.

### HOW TO STAMP ON DAMP

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Entertainment Guide section containing listings for Operas and Ballets, Theatres, and Cinemas across various London venues.

Anthony Eden spent nearly 15 years as heir apparent to Winston Churchill. But his tenure of 10, Downing Street was to last a mere 21 months and came at a time when his judgment was undermined by pain and strain.

A man who waited too long in the shadows

"NO TWO MEN have ever changed guard more smoothly." Those were Churchill's words on his resignation in April, 1955, and the assumption of the Prime Minister's office by Anthony Eden. It was true enough.

But was not the hand-over too long delayed? Might not an earlier rise to power have meant a better reign? It is hard to resist the feeling that Lord Avon was a tragic figure because his long wait within the shadow of so great a man not only unnerved him but meant that he reached the summit in a physical condition where his judgment was undermined by strain and pain.

Redeem

It seemed to them a natural step, like the declaration of American Independence. They did not recognise that, in the international sphere, Eden was seeking to redeem the failures of the 1930s when the Western powers themselves had succumbed to annexations by Germany and Japan from Danzig and Prague to Manchuria.

Debate

History will no doubt arrive at a juster appreciation of this contribution and also of his role as youthful Foreign Secretary before the War than is fashionable at present. For the moment it is still over-shadowed by Suez—an episode on which to the end of his life Lord Avon remained unrepentant.

POLYPROPYLENE

The wonder polymer that could go too far

By RHYS DAVID, Chemicals Correspondent

AT A ceremony to mark the opening at the end of last year of a large new plant, the town of Geel near Antwerp in Belgium was dubbed by Amoco, the U.S. oil and chemical company, the polypropylene capital of Europe.

It is a distinction which in itself sounds rather dubious, but one for which the town already has a growing number of competitors. Polypropylene has been the wonder plastics polymer of the past few years, growing much faster than its older rivals, pvc, polyethylene, and polystyrene, and showing every sign of continuing this performance, with a predicted 15 per cent, a year growth rate through to 1960 and beyond.

The problem now facing the chemical industry is that polypropylene's attractiveness—particularly at a time when forecasts of the likely recovery from the recession across chemicals as a whole have been substantially downgraded—has not been a very well-kept secret. The big chemical companies—Shell, ICI, Hoechst, Montedison and BASF among them—have been producing polypropylene for some time, and have been building new plants to take maximum advantage of the growth in demand. They are being joined, however, by a number of other chemical producers who have also read the projections for PP's growth, bringing with it the prospect of severe European over-capacity over the course of the next few years, lower prices and poor profitability.

Amoco's 110,000 tonnes Geel plant is being followed early this year by a 100,000 tonnes plant being built at Paal in Belgium for Hercules of the U.S.—one of the world's big three producers of PP along with Shell and Hoechst at Paal, also in Belgium, ICI, which already has 190,000 tonnes of PP capacity in the U.K., is to bring on stream in 1978 the first stage of a 120,000 tonnes plant at Robergen in the Netherlands. DSM, the Dutch producer is currently bringing into production its first 50,000 tonnes polypropylene plant at Beek, again in the Netherlands and has included another 100,000 tonnes unit in its current five-year plan.

Feedstock

This versatility, enabling PP to compete with various different polymers in their own specialist areas, is one reason for its success, but other factors relating to its economics and chemistry have been an important part in stimulating the interest

able relations with his former colleagues, but wisely declined hints from Chamberlain and Halifax that he might rejoin the Government in a different office. Throughout most of 1939 he believed that the Prime Minister was still trying to "appease the insatiable," and that a sense of purpose and leadership was lacking at 10, Downing Street.

After the outbreak of war, Eden naturally rallied to the Government and became Secretary for the Dominions, an office in which his immediate problems were Irish neutrality and a profound division in South Africa. Both were solved by the more obliging characteristics of Eamonn de Valera and General Smuts, who were often difficult on other subjects. Then came the moment of crisis in May, 1940, when Churchill became Prime Minister and Eden moved to the War Office. He felt at home with military men, and never lost resilience during the worst of Allied military disasters; though he enjoyed noting a phrase of Reynaud's about Marshal Pétain and French defeat: "He looks buoyant this morning. There must be some bad news."

The winter of 1940-41 was enlivened by the first of the British victories in the Libyan desert, and by Eden's return to the Foreign Office in December. Our Ambassador in Washington, Lord Lothian, had suddenly died and Lord Halifax was transferred, rather against his will, from Whitehall to the U.S. It was as Foreign Secretary that Eden took part in the decision to intervene in Greece to support the Greeks against the Italians. The campaign failed; but Eden always made out a logical case for going to the aid of allies whenever it was militarily possible. Eden spent nearly five years at the Foreign Office in wartime and had to face the problems of the Grand Alliance that slowly assembled. The Russians, both before and after they were



invaded in 1941, were incurably suspicious of British intentions. The Americans sometimes behaved as if George III were still King, and British motives and policies therefore discreditable. In early 1942, soon after the Japanese attack brought the U.S. into the war, Roosevelt was making his own direct approaches to Stalin on future arrangements. Eden recalled in his book The Reckoning: "Here was the first of several occasions when the President moved out of step with us, influenced by his conviction that he could get better results with Stalin direct than could the three countries negotiating together. This was an illusion."

Travels

His war-time duties took Eden on many travels to Moscow, Cairo, Washington, Casablanca and Yalta. He wrote of dealing with Russia, in 1945: "Marshal Stalin as a negotiator was the toughest proposition of all... If I had to pick a team for going into a conference room, Stalin would be my first choice. He never stormed, he was seldom even irritated... He avoided the repeated negatives of Molotov which were so exasperating to listen to... He got what he wanted without seeming to obdurate." By then, Roosevelt was becoming "vague and loose," though still gifted with a political grace, and what Churchill called a "country-gentleman's air," with which it was not easy to dissent.

Yet he was too much like a conjurer, Eden recorded, "skilfully juggling with balls of dynamite, whose nature he failed to understand." Soon after the D-day invasion of Normandy in 1944, Eden came to the conclusion that the Second World War would decide that the U.S. and Russia should control the world and that the countries of Europe henceforth play a second part. The war-policies of the Nazi and Fascist dictatorships, and their increas-

Victory

ingly evident failure, had determined this. Nor was he happy about the organisation of the projected United Nations. Some years after it was launched, and after his experience of Suez, Eden wrote that the U.N. "applies new standards, being indulgent with newly emerged dictatorships and stern with European democracies which were once colonial powers. So are new tyrannies fostered while the people of formerly rich territories are bereft of an old tolerance and subjected to a new despotism."

forecasts as a result to rise from 19.2 per cent. in 1975 to 33.2 per cent.

For all these reasons, PP has been identified by the big chemical companies as meeting their prime specification in post-prime Europe—a bulk product with a high growth rate. "It is the only major polymer left where future growth is going to be measured in millions of tonnes and not just tens of thousands. There are plenty of small products which are going to grow fast, but it will take dozens of these to satisfy the volume throughput requirements of the big groups," one senior chemical company executive explains.

Tailor-made

The industry remains confident that the advance being sought is possible, though it is not clear just how far around the corner it may be. If and when it does come, however, it will strengthen the position PP already holds as a result of another aspect of its chemistry. For PP can be combined relatively easily with other polymers, such as polyethylene, enabling a vast range of products with different qualities for different end-uses to be obtained.

Prices held

Amoco is projecting that the 450,000 tonnes jump in capacity in 1976 will be followed by a further increase in capacity of 350,000 tonnes between 1977 and 1980 to a total of 1.87 million tonnes. Amoco is further suggesting rates of capacity utilisation throughout the period of around 70 per cent., but the company argues that this is a conservative estimate which assumes that all previously announced facilities are brought on stream on time and that

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# FINANCIAL TIMES SURVEY

# PORTFOLIO PLANNING

The market hazards of recent years have made the individual investor more and more inclined to seek professional advice and indeed management services. This has prompted a growing response among most investment houses, leading them to a reappraisal of the role of the private portfolio.

## Expanding range of services

By Christopher Hill

WHILE confidence may be re-igniting about the U.K. economy and sterling has been on an improving trend for the past month, the overall experience of the average U.K. investor in a decade is that it is increasingly difficult not to lose money, alone make it. This has meant that people can no longer afford to stick with lock-up investments year in, year out, and there has been a gradual increase in the level of concern which the individuals display about their investments.

A few years ago this concern took the shape of seeking new investment fields such as property, agriculture, gold coins, and stamps. Some of these "alternative" investments have yielded the course, but fingers are burnt in 1974 and 75 and willingness to diversify away from equities and fixed interest was tempered by an increasing conservatism last year.

Moreover, in the face of what seemed like national confusion, investors were more than ever willing to hand over their portfolios to professional managers. The feeling is that the problems switching and international diversification have grown too much for the average layman to handle and the professional is able to cope. This may not always prove to be correct, but at least the individual can feel that he has given himself the best chance of keeping abreast of the game.

There is often a misconception about what the name of the game is nowadays. In the late '60s, capital appreciation was all the rage, but—with inflation and relatively static earned incomes—the aim of many people with portfolios is to supplement their net incomes by as much as possible. This is particularly true of retired people and, in the unit trust business for example, exchanging private portfolios for units of an income trust has been a major source of new sales. The result has been that professional fund managers went all out last year to persuade people to surrender their portfolios, the carrot being that they could do it at a relatively low cost and would be better off as a result.

Moreover, while it is still difficult to choose a manager for one's portfolio (ideally combining vitality with prudence), one no longer has to beat a path to the doors of banks and stockbrokers. There is an increasing variety of "hands" of portfolio management—ranging from the intimate personal relationship with a leading merchant bank to a portfolio of "funds."

What one opts for is a matter of personal preference and the amount of money which one possesses. The rule of thumb is that the more money one has, the greater the possibility of receiving personal attention. But, the overall trend is for the professional portfolio manager to become discretionary and for the manager to make all the major decisions without consulting the client. Otherwise the costs are too great and

nowadays, even the most "private" client is run in combination with others.

The various streams of portfolio management comprise merchant banks, the clearing banks, stockbrokers, fund management groups, and assurance companies.

The clearing banks on the other hand have been quietly managing smallish private portfolios in their trust departments for some time and are now in the process of integrating these services with their unit trust life groups. This does not necessarily mean that existing clients

are encouraged to shift to the unit trusts, but new clients with less than £20,000 are liable to be judged in that direction.

Stockbrokers are also frequently involved in portfolio planning and the major firms are new comers out of their shells when it comes to displaying their wares. At one time the private client who fell outside the magic was often regarded as a "drain" because he was often a nuisance and much less profitable than doing institutional deals. But now that business has become

harder to sell, stockbrokers are much keener on getting new private clients and making the most of the business they already possess.

As for the unit trust investment trust group, and unit assurance companies, there is more concentration on "specialising" overseas. It has not escaped the notice of many investors that the Japanese stock market has beaten most of the others over the past decade and that more investment companies are favouring the U.S. market.

The difficulty for the average investor is the obstacle of the dollar premium because it is a fact that the U.K. government tries to restrain overseas investment. This is where the professional is able to find the change to give the client a larger sum, and engaged on a full-time basis. It is also true that at some time it might be advantageous to be out of overseas markets—1973 was such a period—and the professional is in the best position to make the choice.

Another feature of portfolio planning has been revival of interest in fixed interest investment and the gilt-edged market. With capital growth hard to find and conservatism on the ascendant, people have ceased to regard National Savings, local authority bonds and gilt-edged stocks as strictly for the amateur. It has been possible to keep ahead of the "high risk" field (equities and property) via these media over the past two years. Gilt especially have swung back into favour and there has been a surprising increase in the level of public awareness.

Where unclaimed fields are concerned, the most significant one today is that which concerns taxation. What with income tax, higher rate tax, Capital Transfer Tax, the investment income surcharge and an impending wealth tax, investors are starting to wake up to the fact that arranging one's affairs in the most tax-advantageous way can be more useful than trying to increase either income or total wealth. This is not a particularly healthy situation but it is a fact of life and tax-planners are playing an increasing role in portfolio planning.

Taxation plays a part in maximising net income, maximising capital growth, paying school fees, and transferring one's wealth and at every point expert advice is needed. Much of the advice now involves the use of life assurance and is significant that, because of the tax advantages, life assurance savings are more important in the U.K. than anywhere else in Europe.

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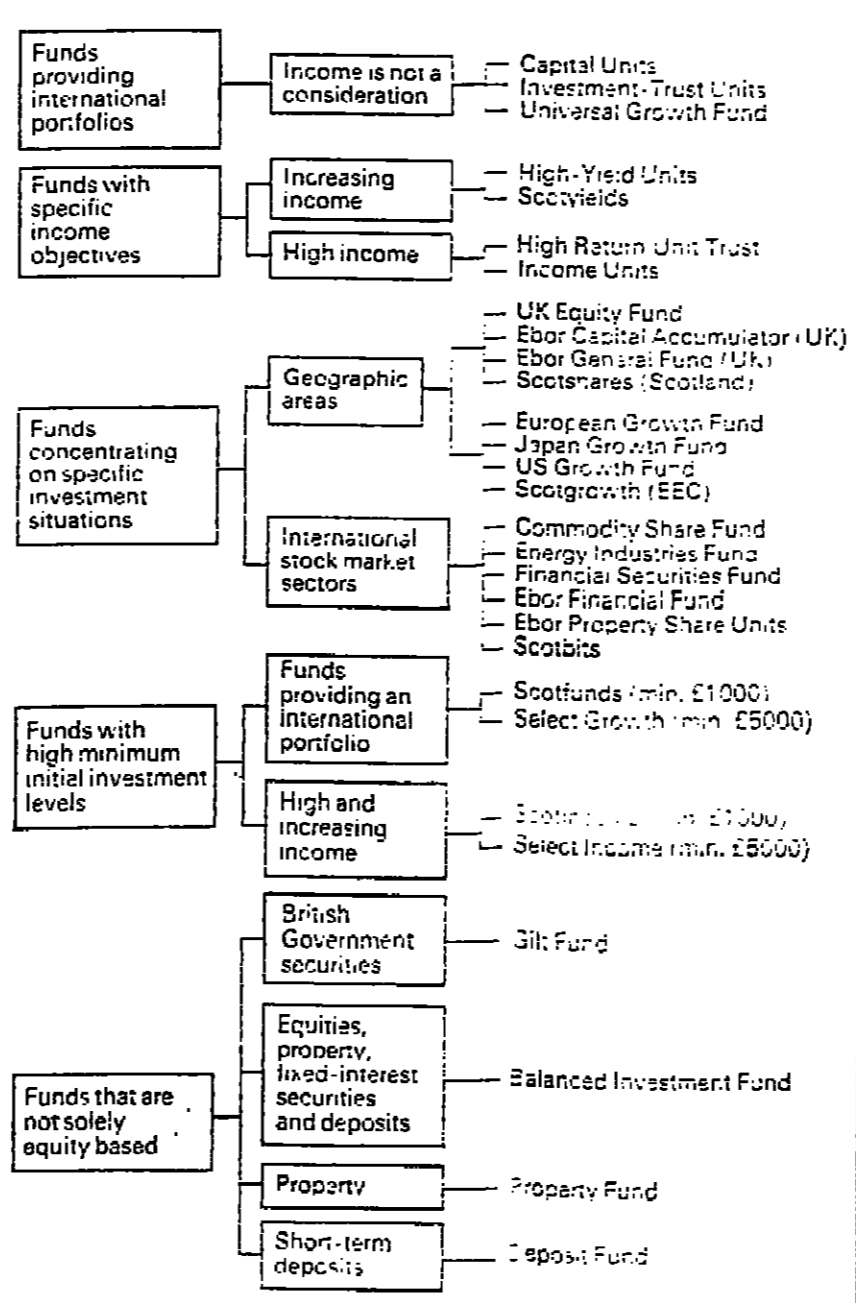
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## SAVE & PROSPER FUND SELECTOR



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Wife \_\_\_\_\_
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Private management groups

MANAGEMENT of private portfolios on a personalised basis has traditionally been the preserve of the stockbroking and merchant banking houses. But Lowndes, the insurance subsidiary, comes into play. And a great deal of attention has also been paid to the inter-organisational administrative systems which have been developed to cope with the volume of small individual accounts.

Weaned But generally speaking the cost of servicing private clients has risen to such an extent that it is questionable whether customers are receiving the same sort of service as before. Certainly, only the very wealthy have their portfolios managed on a non-discretionary basis. Most clients have already been, or are being, weaned on the idea of giving the broker or banker complete discretion in the day-to-day management.

The one glaring exception in the banking field, however, has been Hill Samuel, which has made something of a success of catering for those people who fall between the two stools—by definition, those with funds in the region of £20,000 up to £100,000. The client's requirements (for example, income or preservation of capital, or combination of both) are determined with due regard also given to personal taxation circumstances. Discussions are generally held in consultation with the individual's other professional advisers, such as solicitors or accountants.

management the present members of this group account for an estimated £150-£200m. This figure is perhaps not huge in relation to some of the large banks, but at the same time it is not small beer and is sufficient to make the big battalions sit up and take notice. The Association has not been in existence very long. Twenty-five representatives from different groups got together in December, 1975, and the result was the formation of a steering committee during 1976. That committee has now become the Council of Management.

The idea is not only to achieve recognition and status for members but also to set standards of practice for the profession and to improve the safety for the investors who entrust their cash to member firms. The exercise is being taken extremely seriously. For example, the Conduct of Business rules have been drawn up in consultation with City accountants Peat Marwick Mitchell and solicitors Travers Smith Braithwaite.

Portfolios are invariably on a discretionary basis, but the standard of personal service would appear to be quite high. Individual's requirements are catered for and there are regular investment reports. The operation of these small investment management groups is really quite simple. By leaving the clients' cash with the clearing banks all the donkey work of administration is carried out by the bank and the stockbrokers who carry out the orders.

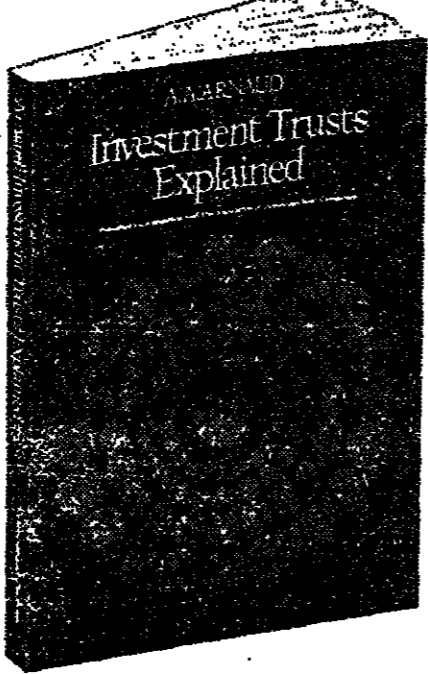
Thus the fund manager is free to manage and the cash and time normally spent on running administration is effectively saved. Clearly this is good for both the manager and, in theory at least, the customer. But what really counts at the end of the day is how good the advice is and the extent to which the clients' objectives are achieved—whether it be capital growth or the generation of income. No performance figures are available, of course, just as it is equally impossible to ascertain how good the performance of the merchant banks or stockbrokers are with their clients.

Performance However, the growth in funds under management of these smaller businesses—and that is generally achieved through word-of-mouth recommendation—suggests that the performance has not been any worse than that of the big leaguers, and possibly even better. A central consideration here is just how well and how seriously these relative newcomers are taken by the stockbroking fraternity. If the analysts with the best information are servicing the large merchant banks first then this does not appear to show

Keith Lewis

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The current vogue for gilts

A YEAR ago, after 1975 had seen the equity market recover by some 133 per cent., it might have sounded foolhardy to talk of an increasing weighting towards fixed interest in 1976. However, the performance of equities since May has been anything but inspiring. The FT Ordinary Index has fallen some 15 per cent. since then and for the year as a whole equities are off as much as a tenth on average. But for investors who concentrated on fixed interest since last April, when rates began to move up again, there should be a healthier glow to their portfolios.

Admittedly interest rates were weak at the beginning of the year with MLR falling steadily from 12 per cent. in November 1974 to 9 per cent. by March 1975, but from then on there was a steady rise to a mammoth 15 per cent. before the recent mini-budget which took the edge off rates. So investors who have with equities this year are probably looking a bit sick against those who switched into the fixed interest sector.

Attention has been focused on the gilt market, particularly in the closing months of 1976. Overall the sector has outperformed the equity market, with the Financial Times Government Securities Index fractionally up over the past 12 months against a fall in equities getting on for a tenth. The recent strength reflected the reactions to the mini-Budget and more recently the \$3bn. medium-term credit facility from the Bank of International Settlements providing security against the withdrawal of foreign official sterling balances. The 20-year Government index put on 5.8 per cent. in the first five trading days of the New Year, taking it up to 15.8 per cent. above the October low point.

The rush to buy gilts, which has dominated the past few weeks, mirrors the expectation of a progressive fall in interest rates during 1977. Even though the recent economic package may have fallen short of some hopes, it does set the back ground for a gradual reduction in MLR. Indeed Mr. Healey has indicated that the reduction in interest rates should gather pace towards the end of the year. Admittedly the decline in rates this year may not be as dramatic as it would be if market forces could act freely, but nevertheless the outlook for gilts is encouraging and the consensus view is bullish for the next few months at least.

So the gilt scene is still attractive even after the recent rise. At the short-end of the market the new 'Tap' stock, Exchequer 121 per cent. for those investors chasing a high yield — on the issue price of 296½ per cent. the grossed up redemption yield is 13.82 per cent. and the running yield 13.23 per cent. Going even shorter Treasury 11½ per cent. 1979 offers a running yield of about 12 per cent. and redemption yield of over 13½ per cent.

who are more interested in tax free capital growth (if the stock is held for more than a year) Treasury 3½ per cent. 1978-81 offers a redemption yield of 9.6 per cent. and even shorter is Electric 3 per cent. 1974-77 which has a redemption yield of 13½ per cent. This one will probably look more attractive in February for at present there is a fair amount of accrued interest in the price.

In the medium range there is nothing particularly enticing, though for investors after capital appreciation there are a couple of stocks worth considering. Treasury 3 per cent. 1982 has a redemption yield of 9½ per cent., and Transport 3 per cent. 1978-88 offers a redemption yield over 10 per cent. Investors looking for a high running yield might consider 13.79 per cent. and 13.56 per cent. to redemption, though with the stock trading above par there is a potential capital loss if held to maturity.

Attractive

At the long end of the market the two most attractive stocks for investors wanting a high yield are Treasury 15½ per cent. 1998 'A' and Treasury 15½ per cent. 1996 'A'. The current long 'Tap' — the running yields on these stocks are around 14.9 per cent. and redemption yields are about 14.8 per cent. However, both these stocks are standing above par, so for those investors worried by a book loss Exchequer 13½ per cent. 1996 offers a fair alternative with a running yield of 14.4 per cent. and redemption yield of 14.5 per cent.

Finally, for investors looking for capital appreciation Gas 3 per cent. 1990-95 offers a redemption yield of 12 per cent. and Funding 9½ per cent. 1999-2004 13 per cent. For investors who either lack the resources or the inclination to invest directly in the gilt edged market, the unit trust/life assurance fields offer ways to maximise the returns of the fixed interest markets. There are now around 20 bond funds which offer an alternative to direct investment. Basically what they are offering is expertise to make the most out of movements in the gilt market and interest rates, by switching in and out of cash and gilts when the market warrants it.

A new gilt fund launched by

Target last month has focused attention on investment via a unit trust rather than taking the route through a life assurance gilt bond. At first sight Target would seem to be taking on an uphill struggle because of its tax disadvantage. Unit trusts have to pay corporation tax at 52 per cent. on income from gilts—but the investor is only credited for the 35 per cent. basic rate. This does not apply to life offices which are taxed on investment income less expenses at 37½ per cent. However, if the aim is capital appreciation—as is the case with Target—unit trusts have the edge. They pay capital gains tax at 17½ per cent. against 30 per cent. for individuals and life companies.

Moving away from the gilt market, historically investors have been able to achieve better yields in the corporate fixed interest sector because of the higher risk. However, with the lack of any new stocks and sinking funds actually reducing the market, demand has been concentrated on a smaller amount of stock and the yield differential has narrowed considerably. In fact the yield differential now is often down to 25 or 30p, which for the extra risk involved is making the sector relatively unattractive on the whole.

Taking a look outside the traditional fixed interest markets, investment in local authorities is proving very competitive. The return on the quoted yearling bonds has come up from 11½ per cent. since the beginning of 1976 and reached a peak of 15½ per cent. in November, just below the all time high of 15½ per cent. at the beginning of 1974. Rates have eased since then but at 13½ per cent. the yield is still attractive. For investors with over £50,000 better returns can probably be found through the money market.

Taking a shorter view Treasury Bills offer a safe haven and good yield for three months. Treasury Bills are basically post dated cheques and with a current yield of 13½ per cent. (being the discount to the face value at which the bills are purchased) they are worth considering for larger investors looking for a temporary home for cash. But with the outlook for falling interest rates, investment geared towards gilts is probably one of the most attractive sectors around at present.

Terry Garrett

Hoare Govett talks to the private investor

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PORTFOLIO PLANNING III

# Life assurance a useful plank

THE LIFE assurance industry is now the largest single savings medium in the U.K., accounting in 1975 for £1.4bn. of savings—14 per cent of the total. It has long been the largest source of money for investment, hence the demands from the unions and the Left-wing of the Labour Party varying from a demand for investment to outright nationalisation.

Life assurance contracts are being increasingly used as the basis for investment portfolios, a trend that has accelerated in the past decade or so. This week it was announced that new annual premiums in 1976 had risen by 18 per cent and new single premiums by 89 per cent.

What has life assurance to offer the investor as a savings medium in planning his portfolio? The most important feature is that the premiums paid on regular savings contracts are, subject to certain conditions, eligible for tax relief. This amounts to standard rate relief on half the premiums. Thus investors can claim back 17½ per cent on their outlay from the Revenue—that is, every £10 paid over to the life company for investment effectively costs the investor £8.50. No other savings media receives such a subsidy from the Revenue and it certainly gives life assurance a competitive edge.

Next, life assurance, as its name implies, provides death cover on its contracts. Thus if the investor is unfortunate enough to die before the expected savings period is completed the money becomes available immediately at a value approaching the target figure. With, say, a building society investment, the amount of accumulated contributions only would be paid. Life contracts carry a high level of death cover guarantee, indeed they have to in order to obtain tax relief.

Then life assurance contracts carry varying levels of investment guarantees, a factor that is often important in portfolio planning. This varies from a return of premiums paid on some unlinked contracts (although many unlinked policies have no guarantee at all) to the traditional life contracts which have a high level of guarantee. For instance, under a with-profits contract maturity value cannot be less than the sum assured plus all attaching bonuses, even though the date is some time in the future.

This means that under a traditional contract the return is never less than the premiums paid, a useful feature to some investors who are now, punch drunk with the vagaries of the market. They can usually be relied on to buy at the top of the market and sell at the bottom and so have become disillusioned with the market, where

timing is all important, that they welcome some guarantee that they will not lose money.

This leads on to a further feature of life assurance, the professional management of the underlying portfolio which backs the life contract, although this feature is present with other investment mediums. The life assurance industry has built up over the years a reputation for investment expertise and the size of some of the long established funds provide a stability in the returns even when the market is going through a bad patch.

## Detail

But it took the newly formed linked life companies to show how to present life assurance as one of the main planks of portfolio planning. Until their advent, the existing life companies just sold life policies. Now all the companies are paying much greater attention to packaging of contracts to meet varying requirements.

The companies are now endeavouring to instruct their representatives not simply to sell life assurance, but to explain to clients the investment and protecting needs and show how the company's products can meet these needs. The insurance brokers have now become much more sophisticated and are offering financial planning services of which selling life assurance is just one important facet.

The first basic step in portfolio planning is not only finding out what the client wants, but also pointing out what he needs. A young man with a family should first of all ensure

that they would be financially secure should he die. But it has been said that there are two motivations for investment—need and greed and the more powerful by far is greed. Such is human nature.

Therefore the individual puts much more emphasis on savings and as the pension provision by employers and the State becomes more sophisticated a person's protection needs are going to be covered by the pension scheme. The individual will be able to devote his attention to savings for specific objectives knowing that his protection needs have already been covered.

The first point for the investor to understand is that life assurance covers medium and long-term savings. The minimum investment period to qualify for tax relief is 10 years. The second point to emphasise is that life assurance is not a savings bank. The value of the investment especially in the early years does not rise steadily and early cash-in may well result in a loss even on conventional life contracts.

The first use of life assurance is that it can provide money at a specific time—on death or at the end of a given period. Thus in portfolio planning it can be used to meet and fund Capital Transfer Tax requirements. The life companies have been active in packaging policies to meet CTT requirements. In particular, they have actively promoted whole life policies where the sum assured (and bonuses if a with-profit contract) is paid on the second death of husband and wife.

Second, the policies can be arranged to meet a specific

need, such as the provision of school fees. Some life companies are now putting together a series of life contracts that mature in successive years to coincide with the payment of fees.

Third, life assurance contracts can be used for investment in specific media, where direct investment, even for the larger portfolios would not be feasible. Direct investment in property is a notable example and property bonds are now enjoying a return in popularity with investors.

Finally, the investor by combining conventional and unit-linked contracts can provide a solid savings base with opportunities for the more speculative investment that return high rewards but involve greater risks. In choosing between conventional and linked business the guiding principle should be does the investor need a specific sum for a definite purpose. If he does, such as the payment of school fees then a conventional contract would be more appropriate. Linked contracts require careful timing of cash-in to get the maximum value.

The linked life companies are now becoming aware of this fact and are packaging some of their products so that over the final years before the money is needed the units are switched into a money fund so that the value can be preserved. This can be important in say a self-employed retirement contract, where the investor wants a high return, but he does not want to defer retirement because the market is temporarily depressed.

Eric Short

# Tax and its toll

A FEW YEARS ago it was possible for people to slot their various professional advisers neatly into their relevant grooves. There were solicitors for legal matters, stockbrokers for stocks and shares and accountants for taxation. Now, however, this categorising is not quite so easy. The business world is more complex and the respective experts are being forced to take on new skills so that some considerable overlapping occurs.

This is nowhere more true than in taxation, which new legislation has made of primary interest to almost all professional men, particularly those concerned with investments. It is now essential for investment managers to be fully conversant with all aspects of taxation and just how they relate to each individual client's affairs. They

must be fully aware of each client's liability to personal taxation, Capital Gains Tax and Capital Transfer Tax.

There would after all be little point in constructing a portfolio of income shares for someone who is already liable to the highest rate of income tax. Taxable income of over £20,000 per year incurs a rate of 83 per cent. Since all investment income incurs a taxation surcharge of 15 per cent, a higher rate taxpayer's income on investment is taxed at 98 per cent. Thus a person investing £100,000 on a 10 per cent return per annum, would see his investment income of £10,000 gross reduced to just £200 at the net level.

Capital growth must therefore be the main aim of any portfolio designed for a high rate taxpayer. Returns on this type of investment would, of course, fall liable to Capital Gains Tax but by steering the investments into the right channels a competent investment manager should ensure that the burden of this tax is not too severe. For instance, CGT is not chargeable on the redemption surplus of Government stocks held for more than twelve months. It is therefore up to the investment manager to ensure that a client is prepared to hold on to his gilts for at least the required length of time.

## Popular

Unit trust capital funds are also fairly popular with investment managers constructing growth portfolios at the moment. This is because CGT on the profits deriving from these is chargeable in two stages. When investment switching takes place within the portfolio of capital funds, the investment manager pays the CGT due on the profits at a rate of 17½ per cent. This means that when the profits are realised the client has only to pay the balance of the liability, which will be 12½ per cent.

Another investment avenue which is often considered when a client's money is directed towards capital growth is the investment bond. This has particular appeal for the investor who although a high rate taxpayer does not have enormous capital resources but wants to invest say £20,000 or £25,000. A lot of people must fall into this category, particularly successful executives who have worked their way up through the ranks without accumulating a great deal of capital.

One advantage of this type is that it allows the investor to make annual withdrawals of 5 per cent from the total value of the bond. These withdrawals are made gross but are included in the value of the bond, for tax purposes, when it is eventually cashed. One point about investment bonds though, is that,

as with gilts, the investment manager must ensure that his client is prepared to hold on to the bond until the most suitable time for encashment.

This will inevitably be when the client's personal tax liability is at its lowest. If the bond is cashed at a time when the investor is paying the highest rate of tax the profits will be taxed at 98 per cent. The normal tax rate on the profits of one of these bonds is 37½ per cent. The ideal time for cashing one of these bonds is during retirement, when the holder could possibly have no personal tax liability, or when he is working overseas.

Capital Transfer Tax, which is the newest piece of tax legislation to bemuse both laymen and professional men alike is also one of the most rigid taxes ever to be introduced. This is because there are no loopholes whatsoever. Apart from capital transfers between spouses, and those which are connected to the education, maintenance and training of offspring, a person is allowed to give away only £2,000 per year without incurring CTT. This tax, which replaced Estate Duty in the 1975 Finance Act, is also chargeable on all but the first £15,000 of the remaining estate on a person's death.

The people who have been hit hardest by the introduction of CTT are those who wish to make some kind of monetary provision for children with whom they have no parental ties. These can include grandparents, uncles, aunts and family friends and they represent a surprisingly large number. Indeed roughly a third of the school fees plans currently in operation in the U.K. were taken out by grandparents.

The comprehensive nature of CTT means that the only feasible way of making this type of provision now is via the exemption limits. With £2,000 per year to play around with a competent specialist should be able to devise a reasonable trust fund for anyone wishing to pass on their wealth in this way. But the word specialist is important here. Gone are the days when the layman had a reasonable chance of competently handling his own financial affairs in their entirety. In all of the cases mentioned above the need for expert guidance is paramount.

It is essential when seeking financial advice for people to ensure that the specialist they choose is equipped with all the necessary knowledge and expertise in the fields of both investment and taxation. And because of this it is far wiser to approach a reputable professional, with a proven record, than to follow the advice of any amateur "financier." No matter how well intentioned.

Tom Kyte

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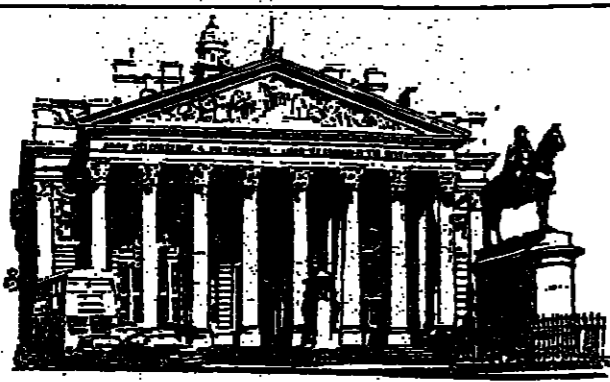
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# Stock market operations



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THE SQUEEZE on personal wealth, the generally disappointing performance of the equity market and the rapidly rising cost of dealing in shares have all played a part in the decline of the importance of the private investor as far as the Stock Exchange is concerned.

The days of the 1960s, when private individuals dealt extensively on generally rising equity markets, with recourse to sizeable loan accounts as well as their own wealth, have long since gone. The morale of the private investor has never really recovered from the traumatic experiences of 1974 and he has fled in large numbers to the

institutions — like insurance companies—and to the building societies.

To take the latter as an example, they have seen shares and deposits pile up in recent years by between £2bn. and £4bn. annually, to a current total of some £26bn. Meanwhile the personal sector has been reducing its holdings of securities by between £1bn. and £2bn. a year.

But in spite of this discouraging background it would be wrong to write off the private stock market investor as being a completely spent force. It is true that many firms of stockbrokers have tended to run down their private client side as being uneconomic. Other

firms, however, have found that if the private client business is approached in the right way it can still be a viable and even, in some cases, an expanding proposition.

The key to success in this field lies, first, in tailoring different services to different types of client so that both the big and small investor can be dealt with economically. Secondly, brokers need to build a reputation and a network of contacts both among existing clients and among the professional advisers like accountants and solicitors who tend to be the sources of new business.

From the point of view of the stockbroker, the private client has the advantage that he

provides a much steadier flow of activity, and therefore commissions, than the institutional investor.

The herd instinct among institutional investors is strong, and periods of intense activity are separated by lengthy phases in which the big funds may almost stop dealing. Plainly this is an unsettling environment for stockbrokers to operate within. Last August, for instance, turnover in equities was only half as large as in August, while business in medium- and long-dated gilt-edged was only one-quarter as great.

A private client, however, tends to deal much more steadily over time. This is

particularly true when his portfolio is managed on a discretionary basis by the stockbroker, as is often the case, although naturally that brokers are quick to insist that funds are not turned over simply to generate a flow of commissions.

At the upper region of portfolio size—say from £50,000 upwards—stockbrokers are in competition with the investment management departments of merchant banks. Brokers are probably more competitive in the £20,000-£50,000 bracket, which many merchant banks will not touch, although other independent portfolio managers take on this class of business. Below £20,000 only more restricted services are likely to be available, with clients tending to be put, for instance, into in-house unit trusts.

The most basic service which a broker can offer his client is of course a simple dealing facility, with the client buying and selling according to his own wishes—aided, maybe, by the individual or circulated recommendations of the broking house. Other services such as portfolio reviews or valuations can be added on here, although this will be charged for, and the cost could be fairly high in proportionate terms for the smallest investor.

Many brokers do, however, offer a full portfolio management service, usually operated on a discretionary basis, where by the managers are empowered to buy and sell without prior notification to the client, although they may subsequently give reasons for transactions.

This kind of service will include periodical statements and valuations, and is increasingly being put on to a computerised basis by the larger firms. Management will be carried out within predetermined guidelines such as income or capital gain orientation, and preferred degrees of exposure to overseas stock markets.

The lower limit of portfolio size at which this kind of individually tailored service is available will vary from one firm to another, but a £20,000-£25,000 is a common figure. A link with the broker is still possible, however, for less wealthy clients through broker-managed unit trusts which are numerous.

A unit trust arrangement may be desirable even for large portfolios when overseas investment is considered, for it allows scope for avoiding some of the risks of the investment dollar premium. A large unit trust can buy overseas securities through back-to-back arrangements, a technique which is not available to the individual investor.

### Conflict

Some brokers may charge direct fees (on a modest scale) for portfolio management services but their remuneration is largely and often entirely derived from commissions. This naturally raises the possibility of a potential conflict of interest and certainly clients will want to keep an eye on the volume of dealing that is being carried out.

One firm which has made success of the private client side is Grieverson Grant, which has five partners specialising in this type of business. The vast majority of private client portfolios managed is at present upwards of £250m, which makes Grieverson a substantial operation by any standards. Its total is growing through a steady intake of new clients, with the firm picking up satisfied clients from other brokers and attracting new business through contacts with other professional advisers like accountants and solicitors.

Interestingly, Grieverson reckon that a high-quality service in areas like administration and documentation can perform as well as, although obviously the latter needs to be reasonable. Larger clients receive annual valuations, mainly relating to April—a time when an assessment of performance against a relevant index

Barry Riley

## Scales and charges

PORTFOLIO MANAGEMENT is now big business, with the traditional fund managers such as the banks and stockbrokers extremely active in the face of growing competition from smaller management groups outside these areas. The larger traditional management groups tend to offer a very comprehensive range of services which are tailored to meet most of the investors' particular needs.

The minimum requirement, in terms of the portfolios value, along with the actual cost of running the portfolio have, however, shown a marked upturn of late. Both these factors are basically a direct result of increased pressures on the management groups' profitability. As a result this form of financial advice needs to be profitable to the management concerns whereas in the past it tended to be something of a loss leader.

In the past the merchant banks have been the big driving force in the field of fund management but their minimum requirements are on average considerably higher than elsewhere. With pension funds now becoming even more important for the banks management teams there has been scope to raise the minimum portfolio requirement on private business to something over £50,000 on the grounds that anything lower could not be managed profitably.

But because of the growing importance and the size of the pension funds under management the smaller private portfolios will, even if they meet the minimum requirement, have to take something of a back seat. It has often been said that only the banks "second eleven" take

on the smaller private portfolios, but a large slice of the portfolio will be invested in the "in-house" unit trusts where they can be managed profitably. Some of the banks themselves readily admit that there is some gap in the service offered to the larger and smaller funds. But the banks continue to attract funds on the private side so despite this disparity in the level of service offered the performance must still be reasonably good.

Some of the banks, presumably aware of this slight flaw in their financial range of services, have made efforts to bridge the gap between the top and bottom range of private portfolios. Hill Samuel has, for example, set up a Personal Financial Service which is aimed at portfolios from £20,000 upwards. In an effort to keep costs down the bulk of the smaller funds are put into units with the rest in a few selective investments.

In contrast the minimum requirement at Hambros is in the order of £100,000 but there are exceptions to the rule. If Hambros are asked to manage a smaller fund they would take a close look at the particular needs of the client and if it would fit the needs of the client they would offer a package of bonds, gilts and units.

### Switched

While the investment policies seem to move in the same direction from bank to bank there are a number of variations when it comes down to the level of fees charged. Hill Samuel charges £150 per year plus a fee of £2 per £1,000 while at

Hambros the charge is a flat £5 per £1,000 up to £500,000; thereafter the fees are scaled down.

Unlike the merchant banks the clearers move into the field of personal fund management has been more recent. This late move into the market does seem a bit strange in that the banks have always had a captive audience with the bank manager often the first to be asked for financial advice. Anyway, the move into the area has mainly taken place via the formation, or the acquisition, of unit trust groups. Lloyds led the way in 1968 but since Barclays has become the driving force. At Barclays the branch managers have now been educated in the field of fund management and what "in house" investment products are available.

Apart from the unit trust side Barclays operates a large private portfolio business. But here again because of the cost factor it has been necessary to increase the charges in line with the merchant banks. Barclays now charges £5 per £1,000 with a minimum charge of £200. Because of this minimum charge it is no longer a viable proposition to handle funds under £50,000; the smaller funds are being switched into the banks units.

While it is easy to understand the need for the banks with their high overheads to push the smaller funds into units it does tend to take the personal element out of the investment. A number of investors with portfolios of around £25,000 to £50,000 like to get involved in the stock market, keeping a close eye on what the managers are putting in or taking out of the portfolio. Perhaps this is

why the stockbrokers are now becoming more active in the field since they are prepared to run the portfolio at a much lower level while at the same time there seems to be a more active communication system between manager and client.

Most of the brokers will run a portfolio of between £20,000 and £25,000 upwards. Phillips and Drew take on funds of £25,000-plus, with the smaller fund containing about 10 investments. Rowe and Pitman have no real limit but they tend to encourage amounts of less than £30,000 to go into units, while at L. Messel the minimum level could be as low as £15,000.

### Overheads

Most of the brokers still only charge the Stock Exchange commission rate on dealings but once again that common problem, rising overheads, is forcing some to introduce a form of management charge.

Rowe and Pitman is in the process of reorganising its private client side and a management charge is to be introduced. This will work out at roughly 0.2 per cent of the funds value. While at Phillips and Drew there is no management charge as such, there is a nominal fee of £23 for the first valuation and a further £10 for each other valuation in a year. There are still a number of brokers, like Messel, who still only charge the commission rate on dealings, but surely it is only a question of time before they are forced to introduce some other charges.

David Wright

## Investing abroad

AT ANY given time certain stock markets throughout the world will look more attractive than others: this is natural. Equally natural is the fund manager's desire to enjoy some of the good performance that perhaps is not always available on his home patch. In a perfect world it would of course be a tremendous advantage to be able to switch cash from market to market and thus achieve the best performance on behalf of investors.

Unfortunately there are a number of pitfalls. Perhaps the most troublesome of these is the element of foreign exchange risk which can render a perfectly good investment decision useless. It is one thing to select a share and quite another to have to take account of fluctuating currencies.

If the decision is taken to go out and achieve some sort of international spread as a hedge against conditions in the U.K., the fund manager has three options. He can buy foreign shares of his choosing through the investment dollar premium; he can arrange a back-to-back currency loan where equivalent amounts of sterling are deposited in the U.K. to match a foreign currency loan; or, and the most conservative approach of all, he can buy shares in U.K. companies which have overseas interests. Finally, he could buy into investment trusts with an international flavour and let the managers of those trusts make all the decisions.

However, to deal with the last point first, it was probably the investment trusts that have made some of the worst mistakes in dabbling in overseas markets, mainly because of the currency position. Just about the worst move to have made when overseas positions were being taken up in the last U.K. bear market was to

have borrowed Swiss francs, which were cheap at the time, and invest in U.S. dollar stocks. The value of the Swiss franc soared by 40 per cent against sterling—the equivalent amount of which had to be deposited in London—and the U.S. stocks fell.

The double edge of this particular horror hit some trusts extremely hard. Indeed one or two were almost completely wiped out as a result.

The great attraction for the investment trusts was that it was one method of introducing gearing which would otherwise have been impossible. Unfortunately the gearing worked in reverse and, far from exaggerating an anticipated rise, it magnified the losses on stocks to devastating proportions.

### Salary

The lessons learned were salutary. It is one thing to be a superb selector of shares and chooser of the most lucrative markets. It does not always follow that the fund manager has an equally good knowledge of the international currency markets to match.

Of course the fluctuations in the investment dollar premium can work in a similar fashion. Those who chose to go through the premium at the time their rivals were using multi-currency loans in fact fared quite well. Another problem with multi-currency loans is that they are expensive to set up and also complex. It is therefore essential that the results justify the expense and trouble involved. It is doubtful whether a case could be made at all for the private investor, even if large, since there is also the tedious procedure of form-filling and reporting to the Bank of England every month.

But aside from currency considerations there are other prob-

lems with investment in overseas markets. The criteria that apply in the U.K.—price/earnings ratio, dividend yield, earnings yield, or whatever—need not necessarily apply in overseas markets. It is therefore important to have, if not local representatives, then access to local expertise. In other words it is possible to operate in the overseas markets from London, provided that someone is on hand to gauge local "feel".

In addition, with the exception of the U.S. markets, it is considerably more expensive to deal in overseas markets. At the end of the day, therefore, it is questionable whether City of London-based fund managers have the necessary expertise to venture into foreign markets. And in the case of the extremely volatile markets—Hong Kong, Australia, etc.—it is arguable whether some of the funds should be there at all, given the speculative nature of the activity. For the pension funds the argument for participation in overseas markets is weaker still, since the yields available are generally less than those in the U.K.—and income rather than capital growth is the prime requirement.

The specialist fund is a different matter of course. Most unit trust groups have their overseas specialist funds—Far Eastern, North American, Japanese, etc.—but then it is normally made quite clear to the incoming unitholders that this is not a situation for widows and orphans. Past performance suggests that while good, even exceptional, performance can be achieved through the specialist fund the timing is of the essence. Exceptional performance on the upside is quite often a prelude to a dramatic setback.

Keith Lewis

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Peter Baker, Schlesinger Investment Management Services Ltd. in the Sunday Times, January 2nd 1977.

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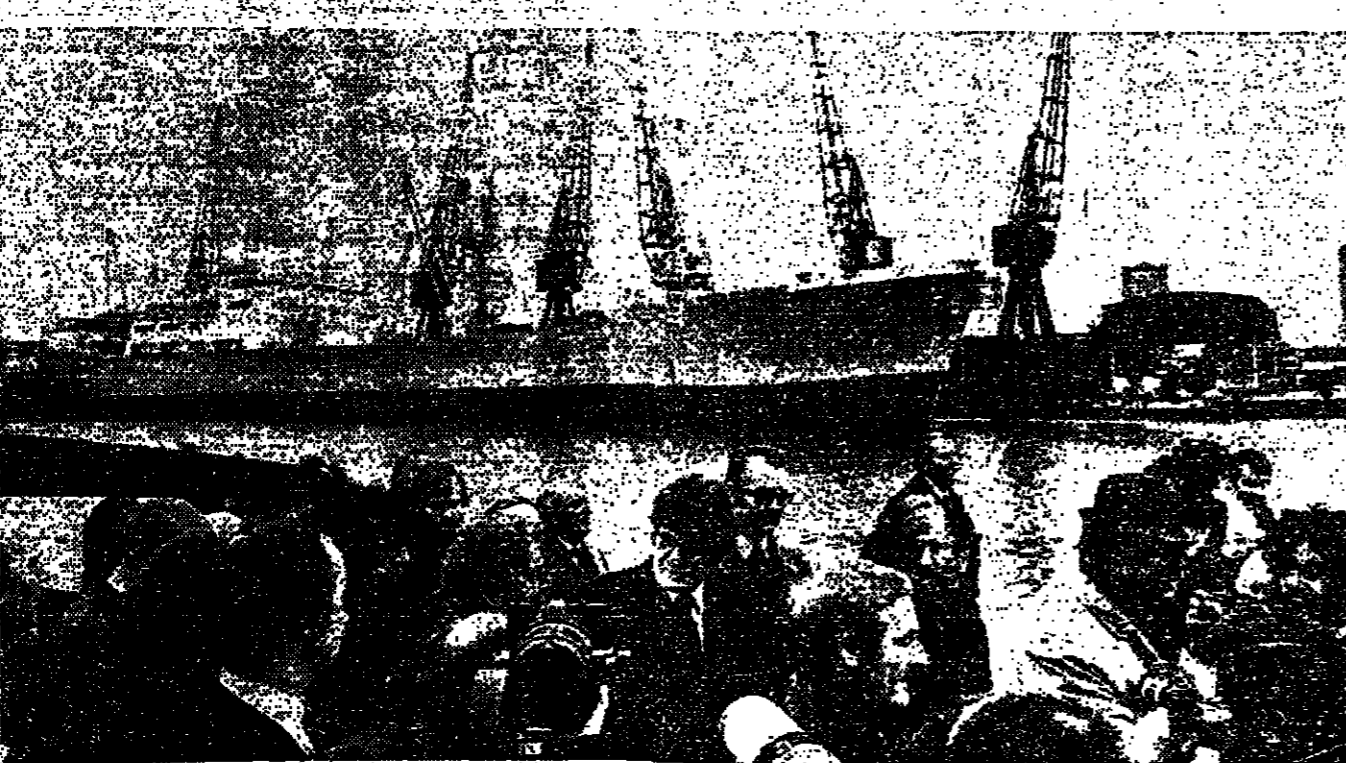
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HOME NEWS

OVERSEAS NEWS



After his decision to support the Government's industrial policy, Mr. James Callaghan yesterday ventured on the first of a series of on-the-spot visits—in this case, London's dockland. For eight hours he toured east London with Mr. Peter Shore, Secretary for the Environment, and an MP for the area, and Sir Reg. Gopwin, Leader of the Greater London Council.

Mr. Callaghan to ward off the intense cold and sleet, the Prime Minister wore a fur hat which he received in Canada last September from the manager of the Canadian ice hockey team. After visits to factories and council offices, Mr. Callaghan and his party stopped in the Royal Albert Docks to talk about the waterside problems of exporting.

North Sea gas royalties now total £70m.

BY RAY DAFTER, ENERGY CORRESPONDENT  
THE OIL industry has paid the Government about £70m. in royalties for gas extracted from the North Sea in the nine years since 1976, the Commons was told yesterday. A further £21.4m. is expected to be paid in the current financial year.

Bank man remanded in fraud case

NINE MEN were remanded at Bow Street, London, yesterday on a number of charges, including fraud and conspiracy. Mr. John Martin Walsh, 41-year-old Bank of England official, of Hutmestead Close, Chislehurst, Kent, was given bail in his own recognisance of £10,000 with two £10,000 sureties.

Thatcher gambled on backlash

OUR LIBERAL leader last night tactically attacked Mrs. Margaret Thatcher for blatant political opportunism, and urged her to put the national interest above the interests of her own party.

Tories table motion on Press freedom

IN THE wake of Thursday's heated Commons exchanges over the production stoppage at the Times, 18 Tory backbenchers yesterday put down a motion urging the Government to reaffirm unequivocally its commitment to a free press.

Report delayed

A Monopolies Commission report on the car and dog food markets has been delayed because of pressure of work. Mr. Roy Hattersley, Secretary for Prices, extended the deadline until April 22.

Savings success

THE issue National Savings certificates, which went on sale from December 15, brought in more than £30m. in their first week of offer.

Maiden voyage

CENTRAL Electricity Generating Board's largest coal-carrying vessel, the HMS Garrison Point, made her maiden voyage from the National Coal Board's deep-water terminal at Immingham, Humbers.

Furniture down

Domestic furniture deliveries in November are estimated by the Department of Industry at 58.2m. in value, giving a seasonally-adjusted index of deliveries for the month of 150 (1970=100).

Rees warned

Chief Constables meeting at Scotland Yard warned Mr. Merlyn Jones, Home Secretary, that the reduction in police expenditure would seriously affect the maintenance of law and order.

Government offices plan in Guernsey

GUERNSEY'S Parliament is to be asked on January 26 to approve the purchase of one of the island's largest new buildings, Commerce House, for government offices.

Brewery venture

SCOTTISH AND NEWCASTLE Breweries is to spend £13m. on building a distribution depot at Stockton-on-Tees. It will include warehousing, offices and car parks, and serve a 2,400-square mile area. There will be 30 new jobs.

Airline fares to Africa up in April

OUR Aerospace Correspondent says scheduled air services to Africa rise by 8 to 10 per cent. from April 1 as a result of an agreement between the members of the International Air Transport Association.

Evidence on accounting at Slater hearing

IN succession to Arthur Young, Mr. Slater was called by Mr. Ronald Dennis Garrett, a leading tax accountant, at the evidence adduced at the hearing on the Slater case. Mr. Slater was called by Mr. Dennis Garrett, a leading tax accountant, at the evidence adduced at the hearing on the Slater case.

Japan verdict on EEC cars soon

TOKYO, Jan. 14. THE JAPANESE Cabinet is to decide before the end of January on an EEC request for a grace period of three years (four for existing models) in the application of the 1978 emission controls to European cars.

Oil, arms sales warning by Shah

IRAN IS prepared to consider buying more Russian arms if the U.S. curtails its arms sales, the Shah says in an interview published here today.

Australia bid to stem capital inflows

THE AUSTRALIAN Government has imposed controls designed to stem the flood of capital into the country in the wake of the 17.5 per cent. devaluation of the Australian dollar.

Brandt may head a North-South team

HERR WILLY Brandt, the former West German Chancellor, is being accepted as an invitational member of a North-South team.

More Foreign News Page 22

Waldheim, the United Nations Secretary General, who described it as a step forward to solving the stalled negotiations.

Papandreou claims EEC's price too high

ATHENS, Jan. 14. THE LEADER of the Opposition Panhellenic Socialist Movement, Mr. Andreas Papandreou, yesterday claimed in Parliament that Greece was paying too high a price for EEC entry.

PLO appears likely to accept Jordan linkage

AS TALKS between President Sadat and King Hussein of Jordan go underway in the upper Egyptian town of Aswan today, there were indications elsewhere that the mainstream of the Palestine Liberation Organisation is prepared to accept whatever role is being hammered out for it by senior Palestinian officials.

Sri Lanka PM refuses talks

MRS. SIRIMAWO Bandaranaike, the Prime Minister of Sri Lanka, has refused a joint opposition request for urgent talks on the current situation.

West Germany pensions move

WEST GERMANY'S generous state old age pension scheme, threatened with serious deficits by a mixture of revenue shortfalls and rising obligations, is to be put back into balance by a new financial arrangement.

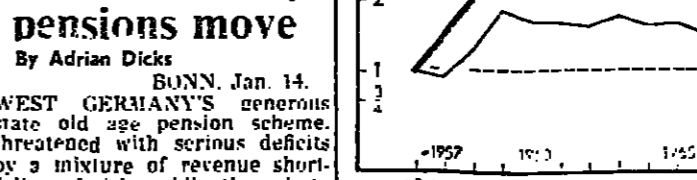
USSR warned on Berlin

THE THREE Western Allies responsible for Berlin have warned the Soviet Union against allowing East Germany to further change the city's status.

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SATURDAY, JANUARY 15, 1977

## Tapping the demand

THERE have been two main pieces of financial news this week, and they are closely connected with one another. The first is the negotiation through the Bank for International Settlements of a \$3bn. medium-term credit to cover any further run-down of sterling balances held by overseas governments. The second is a huge demand for gilt-edged stock, which has obliged the Bank of England both to ease temporarily its squeeze on bank liquidity and to follow up the over-subscription of what was to have been a new short-dated tap stock with the announcement of a very large new long-dated issue.

The possibility of some fresh international initiative to relieve sterling from the threat of another rapid liquidation of official foreign balances has been actively canvassed for a couple of months past, but nothing could be done until the loan from the International Monetary Fund—and its terms—had been arranged. The announcement came at the beginning of this week, at the regular monthly meeting of the main central banks in Basle, and is surprising only because most of the details have been settled rather sooner than expected. The \$3bn. credit will be available for two years, with a possible extension to three, and any drawings will be repayable over four years thereafter.

### Reserve currency

Since the more volatile official holdings of sterling have already been heavily run down, this may seem to be a classic case of bolting the stable door after the horse has left. But it is the stated intention of the Government to discourage the future use of sterling as a reserve currency. Existing holders of sterling balances are, therefore, being urged to switch their holdings into a new, medium-term bond denominated in foreign currency, which the U.K. will have to repay out of the exchange surplus it is due to earn from North Sea oil.

With the IMF loan and the "safe-net" both now arranged, the outlook for sterling is much better—and the Prime Minister has said that he will now take a more personal interest in the

This week's news about the removal of ICI computer tapes in Holland, and the demand for £275,000 ransom highlights one facet of computer security. The problem's other aspects are studied by David Fishlock, Science Editor, who writes that technology can go only so far in protecting organisations against theft



Verifying cheques in the new electronic data-processing centre at Barclays' clearing department in London.

# Computers and the criminal

IN the early 1970s the U.S. telephone companies became every-where agitated about a craze called "phone phreaking," in which people were able to use the telephone free by acquiring an inexpensive blue box of electronics just three inches long. The blue box was tuned to whistle at a frequency which gave the "phone-phreaks" ready access to the tone-controlled U.S. telephone system. Once in, they could ring without charge virtually any subscriber worldwide. They found it a very heady experience because, at the cost of a few dollars, they could use the most powerful and pervasive machines in the world, with one case that would be inconceivable in the case of, say, the electricity or railway systems.

The telephone companies fought back hard with electronic countermeasures, ostensibly because of all the "phone revenue" they were losing. But the real motive was far more serious. With the advent of multi-programming and the computer-controlled exchange, the telephone system was rapidly becoming an easy way for more and more people to gain access to many big computers. Illicit access would raise immense problems for the security of the new data communications systems.

A warning shot had been fired as far back as the early 1960s, when a group of U.S. technical students carried out a late-night experiment and dialled into the secret network of the Pentagon—a venture which, ironically, earned them offers of jobs from the Bell Telephone System.

**LOSSES THROUGH COMPUTER ABUSE**

Losses in 65 cases between 1964-73 in which losses are known.

Year	Number of cases	Total losses	Average losses
1964	2	5.1	2.5
1965	1	.125	.125
1966	1	.001	.001
1967	0	0	0
1968	5	12.25	2.45
1969	4	1.057	.264
1970	12	10.92	.91
1971	16	20.007	1.25
1972	17	12.105	.72
1973	7	27.6	3.94
<b>Total</b>	<b>65</b>	<b>90.514</b>	<b>1.39</b>

Source: Stanford Research Institute. This table does not include the case of Equity Funding, for which losses of \$2bn. are estimated.

seems to have been sadly misplaced. From what is known so far, the ICI case, in which nearly half a ton of computer tapes were removed and used to try to extort a ransom, was only peripherally related to the computer; it was more akin, in fact, to abstracting ordinary files. But it brings home one fact easily forgotten, namely the intrinsic value of information when highly condensed and transportable. ICI has admitted that the cost of replacing the tapes in computing time alone would have been considerable.

safe had been stuffed with 61 notes. The counterpart to this story, however, is that of the wretched Californian firm selling commodity options, which pleaded that lightning had struck its computer causing destruction of its master files and so accounting for the millions of dollars worth of mistakes.

Multi-programming, which enables a computer to carry out many different tasks simultaneously, and new kinds of terminal (even the telephone handset) which allow people to use big computers with much greater ease are the technological advances now placing the computer at increasingly great risk of abuse. At the same time the numbers employed on computers have grown rapidly—above 2m. in the U.S. alone, at least 3 per cent. of the workforce.

An illuminating study by the Stanford Research Institute for the National Science Foundation in Washington examined 148 recorded cases of "computer abuse" between 1964-73, including the \$2bn. fraud perpetrated by executives of Equity Funding Corporation of America, involving the issue of 56,000 bogus insurance policies to re-insurers, which is still exercising the U.S. courts.

The 148 cases cover a very broad spectrum. Some involve people who fired bullets at computers—which seems to say more about their neuroses than for their knowledge of how computers work. At the other end of the spectrum are ingenious manipulations of the computer programs, so that for example the computer is told to make a certain payment, then automatically to erase all trace of the instruction. Leaving out the Equity Funding case, the financial frauds involved add up to losses of \$90m.

One case concerned a chief accountant who embezzled \$1m. over six years, using a financial model of his company to determine when he could make payments to himself without risk of detection. (He got ten years.) Another was a programmer who arranged that his computer

would automatically reject all black people who applied to his company for jobs. Another was the manager of an electronic data processing centre who, with some of his staff, were using their computer to analyse horse racing handicaps—and making several thousand dollars a week.

However, one recurring theme which employers might do well to mark, is the disgruntled employee, sometimes working out a period of notice, who retaliates by trying to damage the system. One woman used her 30-day period of notice to replace all the magnetic tapes in the vault with clean tapes—at a cost to the company put at \$10m. An army officer awaiting retirement erased purchasing data from magnetic tape.

Some organisations install electronic locks, the keys to which are restricted to a privileged few. One of Britain's most powerful computers, the 5m. IBM installation which collates world weather data at the Meteorological Office, is electronically locked behind glass panels. ICI's own computer centre nearby is similarly secured. But Britain's AEA prefers to use its own security force to recognise and pass those permitted access.

Its second line of defence is the security clearance on staff. The AEA vets all its staff before employing them and clears them to one of two levels—and computer staff are cleared to the higher level.

The third barrier is built into the machine, to protect it from unauthorised use. For the computing system, protecting it electronically against the individual is much the same problem as safeguarding the privacy of the individual against incursions into his privacy by a computer. Unless the person trying to use the machine illicitly knows the right passwords and codes, the machine will not respond.

What can be done to keep computer security abreast of the proliferation of terminals and growing ingenuity of "white-collar criminals" seeking to breach its defences? Auditing of electronic data processing systems by programmers expert at security area.

### Wastepaper basket

Then there are cases where someone has apparently breached security quite by accident, then used the knowledge for personal gain. Two engineers by chance used a pass-code one digit different from their own, and found it was that of the president of their time-sharing company, and that it offered access to data on customers and accounts. A bright schoolboy found a pass-code in a wastepaper basket and thereafter enjoyed himself playing computer games. At this point it is worth recalling that "phone phreaking" began because someone spotted the critical frequency, 2,800 hertz, in the Bell Technical Journal.

The Bank of England, which should know what security is all about—it moves the commodity for which it is most famous under armed guard—was predictably cautious this week when asked about the safeguards surrounding its central computer. "The Bank is very security-minded and always alive to the problems of security. But it won't discuss them," parried a spokesman. But another organisation con-

### Letters to the Editor

#### Dividends

From Mr. P. Milne  
Sir—May I add a point to the argument for ending dividend limitation of Monday's leader. I refer to the linkage between dividend limitation and industrial investment.

A problem GEC and other companies find in considering investment is the difficulty in reconciling the likely rate of return with the valuation of the business by its owners. At 18p a GEC share is an asset generating a pre-tax return of 28 per cent. on reported earnings. Probably the best investment the company could make with its surplus cash would appear to be its own equity. Since it cannot by law do this, the scheme to return cash in the form of loan notes achieves the same end by allowing shareholders to reinvest, if they wish, in further shares.

If GEC were free to pay what dividend it chose it is beyond dispute that the share price would be substantially higher, and investment projects offering less daunting rates of return could be justified.

A Labour government probably favours the redistribution of wealth and income which has partly resulted from dividend limitation. Another consequence, however, has been that depressed equity valuations are likely, for the reasons above, to have also depressed company investment. It can be argued that dividend limitation is responsible in present conditions for some of the unemployed. Its removal would raise share prices and encourage investment. There are not many measures which could increase industrial investment and productivity and also require some reduction in the private or social wage.

Peter Milne,  
47 Rodricrick Road, N.W.3.

#### Resourses

From Mr. H. Holmes  
Sir—I fear that the nation is concentrating upon the revenue from North Sea oil and gas as being a means only of solving our short-term balance of payments and productivity gap over the next three years, while being less than we would have liked, most of us seemed fair. These however being phased in over the next three years, a severe blow, and now the suggestion

partly due to the increasing expenditure on oil imports.

J. McE. Sowerby, OBE.  
Town House,  
Guildford, Surrey,  
Rushdown, Oxford.

#### Tax

From Mr. J. Webb  
Sir—Mary (Mrs. Prior) of January 6) is lucky that the eldest child is not already attending a University as she would then find that the additional 1925 she earned increases the parental contribution to the student's maintenance by £2.5 — effectively a further 10 per cent. tax on gross income levied by the local educational authority and bringing her marginal tax rate up to 65 per cent. leaving her only £218.25 to pay her additional earnings-related contributions and to have a little pin money.

John S. Webb,  
Barfem House,  
23, High Street,  
Hampden, Middx.

#### Accounting

From Mr. A. Thomas  
Sir—I can fully appreciate the concern that Mr. Stride expresses (January 10) over the aspect of a true and fair view being shown by a set of accounts that have been produced on a current cost accounting basis. The "degree of freedom" that directors will have in approving the profit of a company if exposure to accounting practice should not really cause much concern as directors have always been able to deal with the profit in the way that they consider to be in the best interests of the company.

#### Priorities

From Mr. J. Sowerby  
Sir—During the average working week Soviet factories deliver about 140 military armoured vehicles — about 60 of them tanks — and about 34 military aircraft including helicopters. Doubles are equipped with the appropriate offensive and defensive weaponry.

This continuous addition to an already formidable military potential threat might seem to be cause for concern to the British Government. Apparently not though, as yet more cuts in defence expenditure have just been announced.

In the same average working week about another 1,000 civil servants will be engaged; some, no doubt, to help directly or indirectly in redistributing the national wealth which the economists daily tell us is at risk,

followed, unless otherwise stated by the rate of 15 per cent. Australian withholding tax which is an opinion of the state of the affairs of a company, stating that a true and fair view is shown by the accounts, and that the company has complied with the Companies Act 1948/1967. No new rate of exchange, that is, doubt when accounts are produced on a CCA basis, the auditor's duties will remain the same.

It is the auditors' duty to give an opinion of the state of the affairs of a company, stating that a true and fair view is shown by the accounts, and that the company has complied with the Companies Act 1948/1967. No new rate of exchange, that is, doubt when accounts are produced on a CCA basis, the auditor's duties will remain the same.

Which ever method of accounting is finally adopted for use in the U.K. the auditor will no doubt be able to adapt to its new needs; but whatever happens the auditor must always be independent and loyal to shareholders.

Anthony D. Thomas,  
26, Waring Way,  
Dunchurch, Nr. Rugby,  
Warwicks.

#### Jokes

From Miss K. Campbell  
Sir—I have just read Joe Rogaly's article "Not Quite All Got Up by the Press" (January 5); and I feel deprived. Jokes have been made about Scotsmen for years, but — I now see, wrongly — they have not felt they were being discriminated against. Some of the jokes were quite witty and quite cheap, too.

#### Inflation

From Mr. G. Thomson.  
Sir—Mr. Britton, in his economic viewpoint (Financial Times, January 13) quotes with approval Mr. Alan Budd and Terry Burns as having written "an upward movement in the exchange rate would provide a far more efficient and effective method of bringing the rate of inflation down than an incomes policy."

This method would indeed be "effective" in the sense that it would treat of a mere "effect" of inflation. The exchange rate is a magnitude which reflects phenomena inherent in any two or more economic systems. Thus, by bringing the inflation rate down (by suitable Government action) the exchange rate would automatically reflect this change. Simply tampering with the exchange rate would achieve nothing as it is the inflation of that country. Perhaps from the "quotation" was not taken from the "extremely good" part of the article.

G. H. Thomson,  
Co. payable on November 29, 68, Wiltenton Road, Glasgow.

#### Funds

From Mr. E. Balfry  
Sir—I received a dividend voucher from Breken Hill Pty. Co. payable on November 29, 68, Wiltenton Road, Glasgow.

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### FINFC worse than expected

AFTER A loss for the first six months of £17.7m. against £76.4m. First National Finance Corporation finished the year to October 31, 1976 with a deficit of £12.1m. compared with £83.2m. for the previous 10 months.

The directors had hoped that the second half would be lower but the economic conditions worsened. The average interest cost was more than 4 per cent per annum, higher in October than in April, 1976, and interest rates have increased by a further 2 per cent per annum since the end of the year.

Under the terms of the Re-organisation Scheme approved on December 21, 1975, the company is not currently paying the support group in respect of the income and deferred loans or of the loan holders in the period now reported. The unpaid interest will be accrued but not compounded.

The effect of the loss is to increase the present net deficiency for shareholders to £72.4m. (£51m.). The net total of share capital, reserves and subordinated and deferred loans is now £13.6m. (£22.5m.), including £12m. of accrued interest on income loans which the support group has agreed should now be treated as if it were accrued interest on deferred loans.

Interest accrued has been charged in full but no interest in respect of the Support Group loans and Subordinated Loans is currently payable. Unpaid interest to be carried forward is as follows: Income Loans for the current period £7.67m. and Cumulative £16.64m. and Subordinated Loan Stocks £14.5m. and £19.4m.

The Consumer Credit division profit was some £8m. The business outlook remains uncertain. Interest rates are expected to fall but rates are still higher than the average of 12 per cent incorporated in...

### RECENT ISSUES

Table with columns: Issue, Price, Date, etc. Lists recent stock issues.

### "RIGHTS" OFFERS

Table with columns: Issue, Price, Date, etc. Lists rights offers.

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## SUMMARY OF THE WEEK'S COMPANY NEWS

### Take-over bids and mergers

Harrisons and Crossfield have taken steps to counter opposition to its plans to merge and eventually transfer to Malaysia its three sister plantation companies—Golden Hope, London Asiatic and Pataling. The new proposals followed closely on the breakdown of the original £75m. scheme which was blocked by the Malaysian Genting Highlands Group, a holder of 22 per cent of Golden Hope, at a meeting last Monday.

Bremar Holdings has gained control of Bucknall Trust through the acquisition of a 50.4 per cent holding at 20p cash per share. The same offer is to be extended to all other shareholders. Bremar intends to retain Bucknall's investment trust status and also its Stock Exchange quotation.

The Boards of Ashdown Investment Trust and Westpool Investment Trust have agreed in principle to recommend a merger of the two trusts.

A 35 per cent stake in Beaverbrook Group's non-voting A shares has been purchased by Cavenham Group from News International, the newspaper combine headed by Mr. Rupert Murdoch, for an amount believed to be approaching £1.5m.

### APPOINTMENTS

H. Prichard heads Brightside Heating. Mr. H. H. Prichard has been appointed chairman of BRIGHTSIDE HEATING AND ENGINEERING COMPANY and ceases to be the regional director for Wimpey Birmingham, which will now be the responsibility of regional manager Mr. J. M. A. Barney.

Mr. Michael Kettell has become managing director of WILSON'S BREWERY. The appointment is part of a management re-organisation plan following the decision by Mr. Jack Newton, chairman, to retire in March. Mr. Kettell was previously with Watney.

### Hill Samuel Life

How to Pay Yourself instead of the Tax Man. If you are self-employed or if you earn fees or, in fact, if you are one of the many thousands who will be relying only on a state pension, you may well be entitled to take advantage of one particularly favourable tax concession.

The Government encourages you to provide for your retirement at the highest rates of tax you pay on your earnings. So that each £1,000 you put towards your future can save you paying £350 in tax if you just pay tax at the basic rate—and much more if your top rate is a high one.

Form for Hill Samuel Life Assurance with fields for name, address, and policy details.

### PRELIMINARY RESULTS

Table with columns: Company, Year to, Pre-tax profit, etc. Lists preliminary results for various companies.

### INTERIM STATEMENTS

Table with columns: Company, Half-year to, Pre-tax profit, etc. Lists interim statements for various companies.

### Offers for sale, placings and introductions

Mid-Kent Water: Offer for sale by tender £3m. 9 per cent Redeemable Preference Stock 1982 at 96 per cent. minimum price.

Mr. G. S. Young has retired from the Board of BIFURCATED ENGINEERING. Mr. C. H. P. Trollope, formerly with Trollope and Colls, has joined MARSHALL-ANDREW AND CO.

### SNOW REPORTS

Mr. I. G. Spooner has been appointed Finance Director of CHURCH'S WAREHOUSING AND DISTRIBUTION. Professor Roland Smith has been appointed a non-executive director to the Board of HILL SAMUEL LIFE.

Mr. Derek W. Mangan has joined the BRITISH PRINTING CORPORATION as chief executive of the commercial printing division. Mr. Kenneth C. Townley has been appointed sales director on the Board of Rishon Paper Mills, a member of the BPC group.

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Advertisement for ARBUTHNOT Income and Growth, featuring a large '12.8%' yield claim and details about the fund's performance and investment objectives.

### FOUNDERS OF BRITAIN'S UNIT TRUSTS

# Property

## Homes for the workers

BY JOE RENNISON

THESE ARE precarious days for most of those involved in any aspect of the construction industry. Even if a firm feels it is able to produce the goods on time at the right price and in the right place, either as a front line contractor or as a supplier, it is of little use if the orders are not forthcoming. There are two ways out of the difficult times: either keeping heads down until better times appear or looking for new markets. The first usually means going bust and the second the worry and uncertainty of trying to sell in unknown territory.

The point is highlighted by the position of Potton Timber Engineering, the Bedfordshire-based company whose efforts on the home front I wrote about a couple of years ago. They produce low cost, high quality prefabricated homes for local authorities: at the moment they are working to a full order book but what happens when the squeeze really begins to take its toll on housing projects?

The responsibility for the company having to switch horses in mid-stream is placed firmly in the lap of the Government by one of the company's directors Terry Emery. As he puts it: "Two years ago at the National Housing and Town Planning Conference held at Brighton, the Rt Hon. Anthony Crosland, then Secretary of State for the Environment made a passionate plea to British manufacturers to introduce more prefabrication of housing units into the factory in an effort to provide starter homes. A subsequent pledge was made by the Housing Minister, Mr. Reg Freeson, in the middle of 1975, and he disclosed that a new Department had been set up in his Ministry

to look at ways of making building quicker and cheaper. Potton Timber Engineering, who were, and still are, producing components for approximately 500 timber frame houses per month, responded to this plea, and like a number of other companies invested £1m. in designing and developing factory-made housing, only to find that the politicians have now done an about-face and subsequently manufacturers have been forced to shelve this new product until the housing sectors pick up.

To manufacturers in the building and construction industry the future seems to hold no short- or medium-term prospects of growth. The alternative was to find new markets abroad: to export I suppose it is an ill wind that blows nobody any good: even if our housing programme is collapsing at least the country should benefit from the much-needed currency brought in by export effort. Mr. Emery admits that they were reluctant exporters: he reckons that they are good manufacturers but know little of the details of exporting. They will have to put themselves into the hands of forwarders and shippers and hope they get the right firm first time.

Earlier this year the company became very much aware that fulfilling their existing orders at current production rates could be likened to being a full gallop towards a precipice, and subsequently they had no alternative other than to find a product which would provide volume production with export potential to keep the labour employed in their factories.

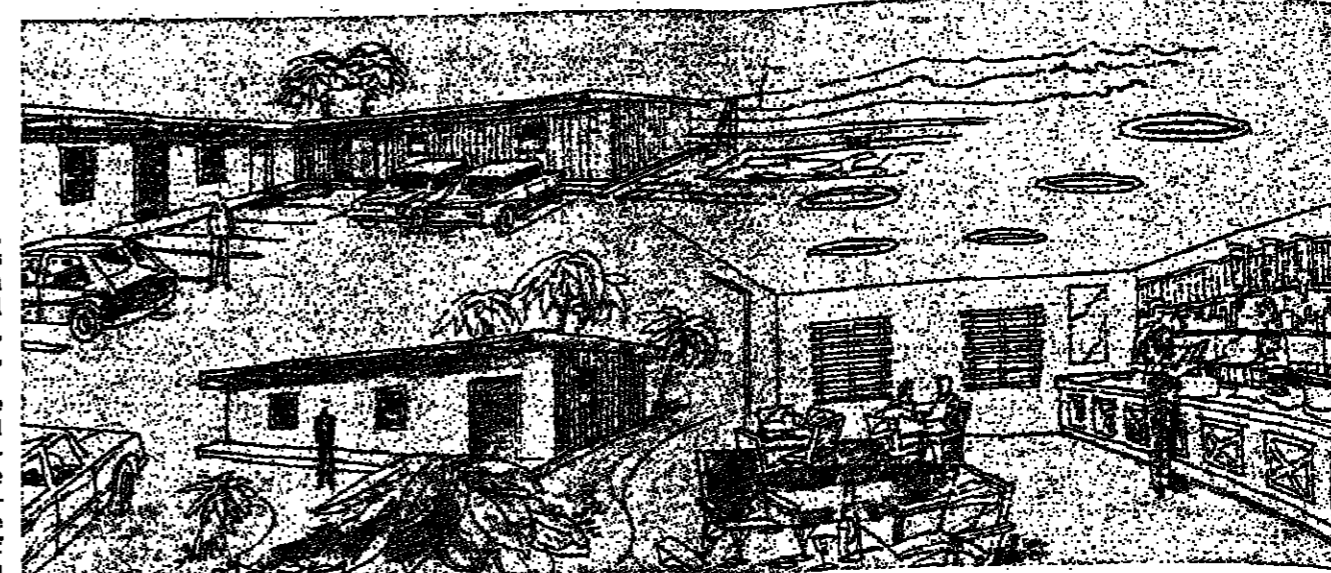
This meant finding the common denominator applicable to all contractors involved in overseas projects, whether building industrial complexes, residential

developments, hospitals, etc.—the problem of finding adequate accommodation for their labour at very short notice.

A similar exercise had been conducted by JPR Project Planning, a group of enthusiastic designers with commercial acumen from Coventry, who have selected Pottons to be their sole manufacturers of "Nomad". "Nomad" is the latest range of demountable accommodation units and enhances the modern concept of closely linking the designer/architect with a product manufacturer in order to produce an aesthetically pleasing functional building which is capable of being manufactured efficiently and rapidly while retaining quality at a competitive price. "Nomad" covers the whole spectrum of accommodation requirements for manual labour through to senior expatriate personnel, including offices, canteens, ablution blocks, recreational centres, medical centres, etc. The market "Nomad" is aiming at includes construction site accommodation, residential site accommodation, leisure developments, disaster and relief housing, military barracks, etc.

The design departs from the formalised style with its shaded and interlocking walls, infinitely variable and extendible building and site layouts, prefabricated panels with attractive finishes and the ability of "Nomad" to cope with a variety of geographical locations and climatic conditions. Resembling a giant Lego set the system, according to Mr. Emery, can be put together in 200 different combinations. The simple practicality of the accommodation units provides for flat packed transportation by TIR lorry container, airfreight or seafreight, minimal site preparation on pad foundations, panels which lock together simply, allowing rapid erection by unskilled labour, all services including air conditioning preformed to requirements, with wiring built into the wall panels and a design which includes defence against termites, intense heat and humidity, flash floods, fireproofing, blown sand and dust erosion.

The basic structure incorporates the latest timber frame manufacturing techniques which in turn facilitates simple yet



Artist's impression of how "Nomad" can be used to create luxury camp-site living.

attractive internal and external finishes. Special attention has also been given to insulation and air conditioning standards. The standardisation of manageable components, simplicity of maintenance, robust surfaces and ease of ex-

tendability, provide minimal servicing costs and units may be easily demounted, transported and subsequently re-mounted on a new site with minimal labour time at low cost. The brochure in view of the fact that cranes are not required.

The cost per unit of accommodation is about £125 a metre free on board. Pottons have already received orders for £400,000 worth of units. May the export of them thrive. (The brochure is in English and Arabic).

## Not out of a tin

WHILE IT is the general boast today that we are all conservationists that may only be true in a vague wishy washy kind of way and that when it comes down the more detailed work of conserving buildings we take the easy way out. After all there are a lot of firms selling quick aids to renovation (often advertising them as making something "look like new") built of materials that will re-

pair and redecoration become necessary the materials and techniques of the original builders should be used where this is possible. The sort of old building that would give the average building society surveyor a nightmare—one that has buckled, cracked, sunk and settled but which will certainly still be there when a modern house has blown away—is still there because it was built of materials that will resist earth movement and general wear and tear. Modern materials used on such buildings stick out like a sore thumb.

As Mr. Schofield puts it: "I think there are many people who would rather use the proper materials for repairing their old houses if only they could find them. They are much more fun to work with than the shop ones. The problem is usually not one of availability of the constituents but of knowledge—and this they apply about as much to architects and builders as it does to householders. If, like me, you hanker after what is most beautiful and best for your house then it will tend not to come out of an aerosol can."

So it is a question of keeping one's eyes open for the



An unusual combination of the old and the new is demonstrated in this property near Petersfield, Hants. To me the combination is both startling and attractive but it must be said that it is the forcing together of two

totally different styles that normally sends those self-appointed arbiters of taste, the planners, into paroxysms of disapproval. The Forge, Petersfield, was originally three small thatched cottages. This part has been converted into a hall, dining room/kitchen and two bedrooms. The modern wing added 15 years ago contains a large reception room and more bedrooms. Savills are the agents and the price £47,500.

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## Chess Looking for the champ

THE ANNUAL international vote to decide the winner of the chess Oscar award for the best player of the year attracts considerable interest. The award is sponsored by the Spanish department store El Corte Ingles and to quote the handbook, "consists of a copy silver of the Fountain of de Lady with Umbrella symbolising the city of Barcelona."

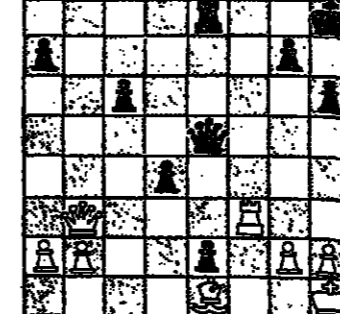
The real interest lies in who will be second and whether Tony Miles will appear in the top ten where the voters in general opt conservatively for the established leading grandmasters. The runner-up in 1975 was Ljubojevic of Yugoslavia, following several tournament successes achieved in dazzling style. But in 1976 Ljubojevic failed to qualify as a world title candidate, and this is sure to tell against him in the votes.

Apart from his failure to win a sprint distance of six rounds in Manila, Karpov has triumphed convincingly in all his 1976 events: Skopje, Amsterdam, Montilla and, most recently, the USSR championship.

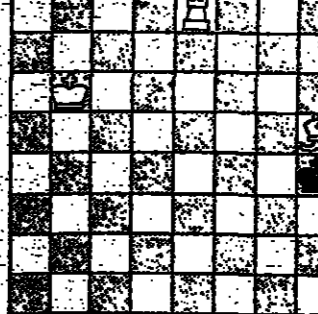
The most likely contenders as popular choice for world No. 2 are Petrosian and Korchnoi, who follow Karpov in the rankings, and Mecking and Larsen, who won the interzonals. My own vote has gone to Mecking on the grounds that his win in Manila at age 24 makes him the first genuine title contender from the West since Fischer abandoned active play.

This week's game should make absolutely sure of the Oscar if there was any doubt. Karpov needed only a draw from it to ensure winning the USSR title but, as in his last round game with Uhlmann earlier in the year at Skopje, he elected to play for honour and Elo points.

### POSITION No. 149



### PROBLEM No. 149



Playing on top board for Phillips and Drew in the Stock Exchange inter-firm knock-out W. T. Franklin (Black, to move) sacrificed a bishop to reach this diagram. His next move won the game. What was it?

Black to play and help White mate—in four moves (by V. Koshik, 1922). Another offer: puzzle; harder than it looks. Remember that in helpmates Black plays first, then White and Black move alternately, in the usual way until White mates, with Black's active co-operation, on his fourth turn.

## Bridge Jack's the boy

MICHEL LEBEL the young French international, has submitted to-day's hands as the fifth entry in the new Bols Bridge Tips Competition. This competition, as you know, has been launched by the International Bridge Press Association and is sponsored by Bols, the Dutch liqueur firm.

Successful defence, says Lebel, often requires that you should take all possible measures to shut out dummy's long suit. We all know that it is standard defence to hold off when you sit with A J x over dummy's K Q 10 9 x, if declarer leads low from his hand and puts up the King. It would be equally good defence in the same situation to withhold your Knave, if declarer finesses dummy's ten on the first round.

Lebel's Bols tip is that you should on occasions hold up your Knave even when you do not have the Ace as well. Here is a deal where the French star sat East and put his preaching into practice:

South then led the eight of diamonds, West played the dummy the three, and East seven: South continued with other diamond; but passed West followed with the Either West had started four diamonds to the King Knave—so thought the declarer—or East had ducked at another.

South took the decision to play dummy's Ace, convinced that this was the only way of landing the contract, but the Knave fell on his first trick: a surprise and unexpected declarer. On this occasion, if East takes his Ace South will finesse against bring in the diamond suit. Lebel's tip is this: When dummy has a suit such as 10 9 x or K Q 10 9 x, and short of a trick, brace up and hold off with Knave another when the declarer leads low from hand and the ace of the suit is taken by the declarer's King.

W N  
 ♠A64  
 ♠82  
 ♠KQ10963  
 ♠83

E  
 ♠10852  
 ♠J75  
 ♠J8  
 ♠Q765

S  
 ♠AK7  
 ♠AQ10  
 ♠72  
 ♠A1094

W  
 ♠J109  
 ♠K87  
 ♠K22  
 ♠K785

S  
 ♠AK7  
 ♠AQ65  
 ♠85  
 ♠A1093

# The Arts

## Saving the Acropolis

BY E. A. YOUNG

Seventy-two journalists were flown to Athens, some from as far away as Argentina, to attend the launching by Mr. M'Boa, Director of UNESCO, of an appeal to the nations of the world to save the Acropolis from the ultimate deterioration that threatens it. "I do not doubt," said Mr. M'Boa, "that mankind will rise to the need to save this heritage."

Even as he stood on the rock and delivered his appeal from below the scaffolding, an audience that consisted almost entirely of two cohorts of reporters, the importance of the occasion seemed to diminish. By then it was known that the sum asked of the world was no more than £10m. If every one of UNESCO's 141 member nations gave \$25,000 the total would be within sight, and support from other sources—individuals, trusts, public companies—could well make up the rest.

Less than an hour after Mr. M'Boa had finished speaking, American Express handed over a cheque for £1m. drachmas. A Greek lady, Mrs. Dolly Gouladris, gave \$100,000. At the other end of the scale there were gifts of £5 and £10.

"How urgent then is the Acropolis crisis?"

The answer is that if you regard the Acropolis as worth saving, it is very urgent indeed. It is the action being taken that seems a little to lack urgency. The question of air pollution is the biggest share of the danger that bites the fastest. Deterioration of the marble is the appearance of the temples. The three figures from the west front of the Parthenon have already been removed, and are now in

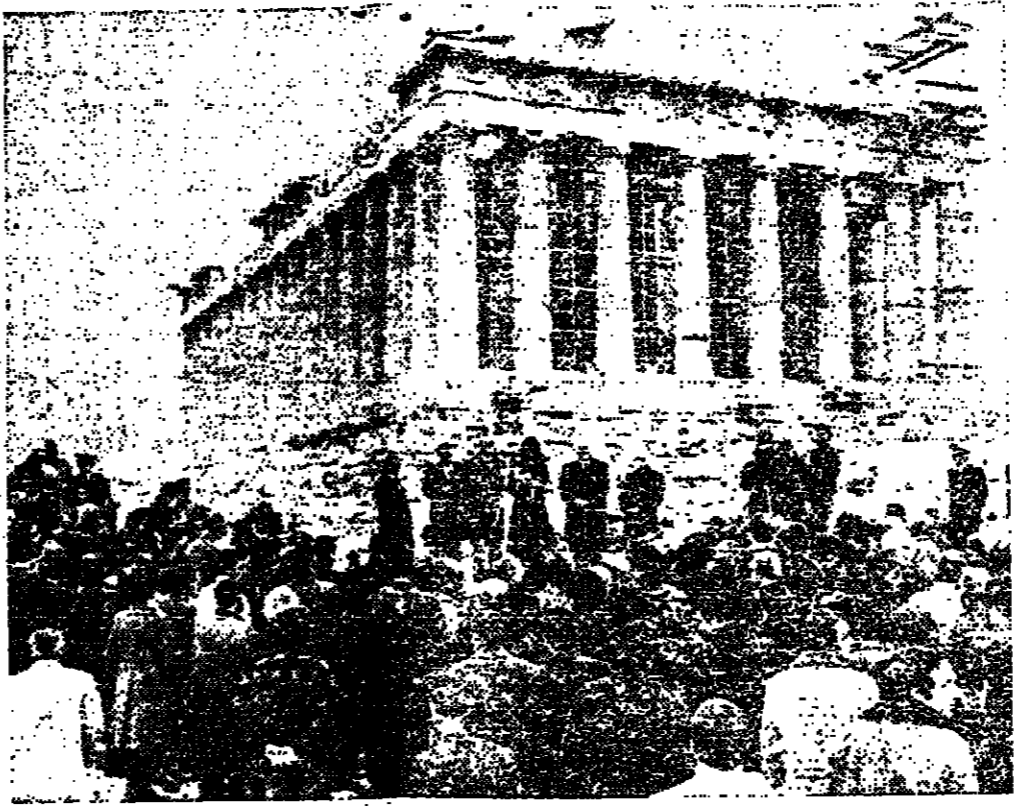
result of air pollution arising from domestic heating, motor traffic and industry. All that has been done to counter it so far is to pass a law forbidding the use of mazout. But while erosion of the sculptures can be evaded by taking them elsewhere, the danger to the structures themselves is less easily dodged. The ancients used iron hooks or tenons for joining marble pieces together, and restorers have used iron and steel for strengthening purposes. The ancients may be forgiven, the later workers may not so easily be forgiven, for not knowing that iron and steel, ever stainless steel, would rust and cause deformities and cracks in the marble.

The phenomenon was uncovered by John Milladis (the first chairman of the committee set up in 1975 for the conservation of the Acropolis) when he was Director and set himself the task of replacing the iron with bronze. It is now proposed that titanium-steel alloy should be used; but the danger to the monuments persists.

Nor is iron the only offender. (Nor the plastic pigment used for sealing the cracks, whose effect on the surface of the marble is still not known.) The original stones have suffered end-to-end damage, not only by weathering and pollution, but by burning (by Christians and Turks), by fire-works in the armoury (the Turks again), by a Venetian shell in the dynamic store (from General Morosini, whose capture of the rock only lasted a few months before the Turks had it back), by pillage and rape (by everyone, including Lord Elgin). It is now not certain how stable the buildings are on their foundations.

It is not even certain how stable is the rock on which they stand. Examinations are taking place to find out whether there may have been a sliding of rock layers during the history of the buildings, or whether water may have endangered the firmness of the rock, or whether it has been affected by the excavations of archaeologists. Moreover, the surface of the rock is worn to an almost icy polish by the tread of visitors' boots and shoes. This at least can be helped. Already access is forbidden to some parts to the interior of the Parthenon, for example, and the wings of the Propylae; but other measures will be introduced, and visitors kept to authorised pathways instead of being allowed to clamber about the ruins as they like.

Work is estimated to be finished in "five to ten years." It will involve virtually taking the ancient stones apart and



Mr. M'Boa appeals for the Acropolis



Shelter for the Caryatids

reassembling them, besides every visitor to the Acropolis during the last five years—they reckon on 2m. a year—were offered £1 or the equivalent, we should be home and dry. The modesty of the sum in no way reflects the importance of the project.

First steps in estimating what has to be done and how best to do it are already vigorously under way. The working party, now under the chairmanship of Professor Platon of Salonika University following the sudden death of Professor Milladis, has entrusted research into its various problems to expert groups. It is hoped now that the UNESCO appeal will result in technical help from other nations as well as financial help.

If all this work can be completed in ten years at a cost of \$10m., something like a miracle will have occurred. The last time a big restoration of the Acropolis was essayed, under the Greek architect Balanos, the result was exacerbation of the existing damage by the use of iron and reinforced concrete. Science has progressed since then, and the current project will take into account all the side-effects that can be forecast with our present knowledge. Mr. Constantine Trypanis, Greece's Minister of Culture, has been presented with UNESCO's silver medal for his initiative in originating it. Let us hope he has better fortune than Balanos. It should be made clear that UNESCO in London has not yet started a fund. They cannot do this until they get the necessary authority from Paris, and when they do they will no doubt tell the public how to contribute. It

## Collecting Habit forming

ALTHOUGH relatively unexplored territory, oriental embroideries, textiles and costumes are an area in which enterprising collectors can start small and increase their sights as they build up on research and knowledge.

The resplendent Chinese ceremonial garments are particularly attractive for the richness of their colour and style as well as for their magnificence of material and decoration and wealth of symbolism. The wearing of all Court and dragon robes was strictly reserved for members of the Imperial family, princes, nobles, dukes and mandarins (civil and military officials)—the Court robe worn on all official occasions, the dragon robe at less formal gatherings.

Basically the dragon robe is a full-length garment with a slightly flared skirt, the Court robes similar, often with flaring collar and detachable pleated skirt. There have been variations over the centuries, but both have the dragon as their main decorative feature. In China the dragon is a benevolent beast, not a bit like its fiery European counterpart, portrayed either in a facing position on the upper part of a robe or in profile on the lower section, clasping or chasing the legendary flaming pearl. The five-clawed dragon or *lung* variety was usually an Imperial prerogative, while the four-clawed *ming* was worn by third degree princes and all ranks below.

Mandarin squares, *pu-tzu*, indicated rank; an embroidered or woven-cloth badge, they were worn divided on either side of the front of an official's robe, and in one piece on the back. Instituted under dynastic laws of 1391, and continuing through until 1911, military officers wore animal symbols, civil officials, birds, with nine classes of each.

Among stitches found in Chinese embroidery are Pekin knots (similar to a French knot but not so twisted, flatter, more sharply and generally massed together rather than used in isolation), Pekinese stitch (composite stitch with back stitch and its basis, worked rather large at first, then a second stitch laced through the stitches, going forward two and back one), satin, couched and laid work and pattern darning. Many oriental embroideries use the "voiding" technique, that is where the pattern is defined by what is left unworked (voided), rather than by what is put in, rather like stencilling; motifs are worked to an exact edge, with no bleeding to the next one.



Japanese work is of course a study of its own; and ask the experts how to tell the difference between Chinese and Japanese embroidery, and the answers won't help you very much. "The Chinese have a greater variety of stitches, the Japanese more subtlety of colour. But really it all adds up to, a sense of feel that only comes with constant handling," points out Anne Marie Benson who looks after textiles at Phillips, Blenheim Street, W.1, where the next sale is on March 3. Sotheby's, Belgrave and Christie's, South Kensington also hold regular sales too, and items at all three auction houses generally include Chinese robes, silk shawls, wall hangings, bed valances (rotans), Japanese coverlets, coats and futukous, gift covers used to cover ceremonial gifts, particularly at New Year.

It is possible to buy attractive small items from £10 upwards, although robes are usually nearer £200; at Phillips last week the 19th century blue silk Chinese dragon robe illustrated, was withdrawn because it did not reach its reserve.

Roberta d'Este who runs "Bobbles" oriental textiles and minerals at the Bond Street Antique Centre, 124 New Bond Street, London W.1, has some splendid Court and dragon robe for sale as well as a Court vest (*ch'uo-kua*), a sleeveless front-opening coat slightly shorter than the robe which it covered; ceremonial hats of colourful kingfisher feathers, and some Japanese kimonos and obi. Prices vary from £2 to £200, dictated by age, rarity, and quality of embroidery.

Many of the robes could still be

**Courbet at the Royal Academy**

A centenary exhibition 'Gustave Courbet 1819-1877', will be the first museum retrospective in Great Britain of Courbet's work. It will be shown at the Royal Academy from January 15 until March 19, 1978, following a showing at the Grand Palais, Paris, this autumn.

There have been several Courbet exhibitions since the war—out at the Petit Palais in 1955, at Philadelphia and Boston in 1960-1961, and at the French Academy in Rome, 1969-70—but this exhibition, selected by Michel Lacotte, Head of the Department of Paintings at the Musée du Louvre and Alan Bowness of the Courtauld Institute of Art, will be the most comprehensive. It is hoped to exhibit about 150 paintings from public and private collections in Europe and the U.S.

Among more than 50 pictures from French collections are Les amants, *Belshazzar* from Lyon and *La rencontre* from Montpellier. Paintings requested from English collections include the study for *Demoiselles de Village* from Leeds City Art Gallery; Eugene Delacroix's *La mort de Marat* from London and *Portrait of a Young Man* from the Courtauld Institute of Art, which has been promised from American collections—including Boston Museum of Fine Art, the Art Institute, Chicago, Detroit Institute of Art, The Metropolitan Museum, New York is lending six paintings including the *Portrait of Jo-La belle Irlandaise*.

## Theatres this week

**GREENWICH**—The Great Wall. A revue built round the personality of Max Wall. Opened Monday.

**ALMOST FREE**—Patty Hearst. An imaginative reconstruction of the strange partnership of Patty Hearst and General Field Marshal Guevara of the Cuban Liberation Army. Lunchtime. Opened Wednesday.

**ROYAL COURT**—*Sirius* Banister Dead. A welcome return of the fine two-handed indelicacy of Winston Nisbona and John Kani of the pass system in South Africa. Opened Thursday.

**'Traps' at the Theatre Upstairs**

Traps by Carl Churchill opens at the Theatre Upstairs on January 27 and plays until February 19. It is directed by John Ashford and designed by Terry Jacobs.

In the cast are Hugh Fraser, Catherine Kessler, Catherine Neilson, Antony Milner, Tim Pigott-Smith and Nigel Terry.

## Courbet at the Royal Academy

Victoria, obverse silver matrix of the Great Seal of England. Sale, Tuesday, January 25.

The above seal is the obverse matrix of the Great Seal of England which was in use from 23rd January 1550 to 15th August 1578. It was engraved by Joseph Shepherd Wynn (1536-1573) who was appointed Chief Engraver to Her Majesty's Seals on 2nd December 1558, a post held previously by his father and grandfather. Upon defacement, which was done by making very slight indentations to the left of Victoria's head, it became the property of the Lord Chancellor, Earl Cairns, who followed the generous example of Lord Campbell and presented one side of it to the Earl of Selborne, his immediate predecessor in office and his political opponent.

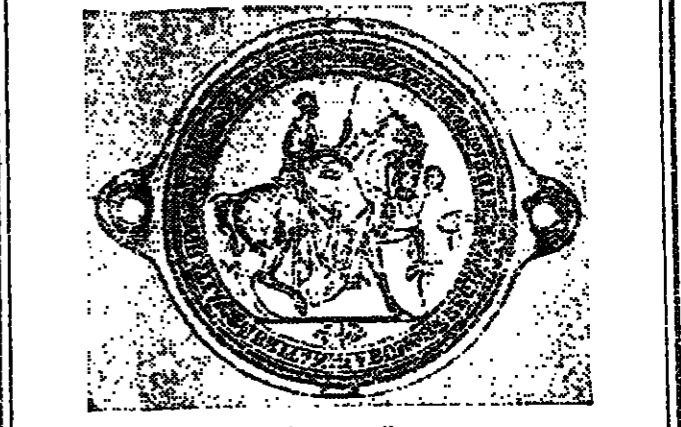
It bears the maker's mark of Robert Garrard and Co., and the London hallmarks for 1559; its weight is 85 ozs. and has a total diameter of 9 inches. For further information on the sale of Coins, Medals and Decorations please contact Raymond Saneroff Baker at the address above.

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The business of well established manufacturers of high quality rubber and plastic products specialising in tubing and mouldings for laboratories and hospitals. Next assets about £170,000. Write Box E-9223, Financial Times, 10, Cannon Street, EC4P 4B7.

**SMALL BRISTOL ENGINEERING COMPANY FOR SALE**

Freehold buildings, Approximately 20,000 sq. ft. Turnover approx £200,000. Profit before tax approx £40,000. Interesting product lines—possibilities of expansion. Write Box E-9223, Financial Times, 10, Cannon Street, EC4P 4B7.

**Henry Spencer & Sons** IISS 1840

**FORTHCOMING SALES — RETFORD**

**WEDNESDAY 19TH JANUARY**  
Georgian and later furniture

**THURSDAY 20TH JANUARY**  
Silver and jewels

**WEDNESDAY 2ND FEBRUARY**  
Victorian and later furniture

**THURSDAY 3RD FEBRUARY**  
Pottery, porcelain and glass

**FRIDAY 4TH FEBRUARY**  
Oil paintings, watercolours and prints. Catalogue 50c each by post. (Applications must be made.)

**HENRY SPENCER AND SONS**  
THE FINE ART AUCTIONEERS OF THE NORTH  
20, THE SQUARE, RETFORD, NOTTINGHAMSHIRE, DN22 6DJ.  
Telephone RETFORD (STD 0777) 2531 (10 lines)  
IN ASSOCIATION WITH SOTHEBY'S  
MEMBER OF THE SOCIETY OF FINE ART AUCTIONEERS.

**SPRING ISLAMIC SALES**

Six new major auction records were achieved in Sotheby's second week of sales of Islamic works of art.

The sales, which realised £1,260,000, included carpets, rugs, manuscripts, miniatures, lacquer, ceramics, glass, metalwork, arms and armour and other works of art; paintings, watercolours and photographs of Middle Eastern subjects; also books of Islamic interest.

The closing date for consignment of property to the next specialised series of Islamic Sales which will take place in the Spring, is 7th February, 1977.

Enquiries should be made to Patrick Bowring (paintings) and James Miller (prints)

**Sotheby's**

Sotheby Parke Bernet & Co.  
34-35 New Bond Street, London W.1. S.A.A.  
Telephone: 01-493 8450 Telegrams: Abribidco, London  
Telex: London 24454

WALL STREET + OVERSEAS MARKETS + CHANGING PRICES

Mixed in nervous trading

BY OUR WALL STREET CORRESPONDENT

A MIXED TREND prevailed on Wall Street today following nervousness over a sharp jump in the U.S. money supply.

The Dow Jones Industrial Average shed 2.99 to 372.16, making a loss of 10.37 on the week, and the NYSE All Common Index, at 336.36, lost 3 cents on the day and 43 cents on the week.

FRIDAY'S ACTIVE STOCKS

Table listing active stocks on Friday, including Inmont, Amstar, and others with their respective price changes.

OTHER MARKETS

Canada up again

Rising Oil and Gas share prices continued to buoy Canadian Stock Market in moderate trading yesterday, although Golds, Metals and Papers eased.

Paris - Gains predominated in a fairly quiet session.

Motors led the way, following Peugeot-Citroen, an another Frs.9.5, rounded 1970 profits.

NEW YORK, Jan. 10

NEW YORK, Jan. 10. Inmont moved ahead \$1 to \$161 on 357,000 shares. Woods Petroleum gained \$2 to \$23 on its "chemical" new gas discovery in Oklahoma.

NEW YORK, Jan. 10

Table of stock prices for various companies in New York, including Amstar, Inmont, and others.

NEW YORK

Table of stock prices for various companies in New York, including Amstar, Inmont, and others.

Stock

Table of stock prices for various companies in New York, including Amstar, Inmont, and others.

Stock

Table of stock prices for various companies in New York, including Amstar, Inmont, and others.

Stock

Table of stock prices for various companies in New York, including Amstar, Inmont, and others.

Investment Securities

Table of investment securities prices, including various bonds and preferred stocks.

NEW YORK - DOW JONES

Table showing Dow Jones Industrial Average and other market indices for New York.

STANDARDS AND POOLS

Table showing Standards and Poools indices for various markets.

N.Y.S.E. ALL COMMON

Table showing N.Y.S.E. All Common indices for various markets.

MONTREAL

Table showing Montreal stock market indices.

TORONTO

Table showing Toronto stock market indices.

JOHANNESBURG

Table showing Johannesburg stock market indices.

Rises and Falls

Table showing rises and falls in various markets.

Stock

Table of stock prices for various companies in New York.

Stock

Table of stock prices for various companies in New York.

Stock

Table of stock prices for various companies in New York.

Stock

Table of stock prices for various companies in New York.

F.T. CROSSWORD PUZZLE No. 3280

A prize of £3 will be given to each of the senders of the first three correct solutions. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10, Cannon Street, London, EC4A 4BF.

Form for submitting crossword puzzle solutions, including fields for Name and Address.

Crossword puzzle grid with numbers indicating starting positions for clues.

ACROSS 1 Contending with article sent to divines (2, 4)

DOWN 1 Nothing's going wrong for complete unit (4, 4)

SOLUTION TO PUZZLE No. 3279

ACROSS 1 Contending with article sent to divines (2, 4)

DOWN 1 Nothing's going wrong for complete unit (4, 4)

SOLUTION AND WINNERS OF PUZZLE No. 3274

Following are the winners of last Saturday's prize puzzle: Professor Kenneth Campbell, Conden Court A, 6 Cliff Parade, Hunstanton, Norfolk.

RACING BY DOMINIC WIGAN

Early Spring set to win at Ascot

Early Spring, possibly the most improved chaser in training, looks all set to land today's Blue Circle Cement Chase. This is the feature event on a fine Ascot programme which is likely to go ahead provided conditions do not deteriorate.

ASCOT

1.00 - Slim Jim 1.33 - Brave Kid 2.10 - Early Spring 2.40 - Zari 3.13 - The Pilsnerie 3.45 - The Dealer

On the strength of that high class performance it came as no surprise when the Marlborough seven-year-old was made a firm favourite to confirm his superiority over the Royal 4-year-olds and above, will carry £3,000 in added prize money.

SPAIN

Table of stock prices for various companies in Spain.

BRAZIL

Table of stock prices for various companies in Brazil.

GERMANY

Table of stock prices for various companies in Germany.

MILAN

Table of stock prices for various companies in Milan.

TOKYO

Table of stock prices for various companies in Tokyo.

PARIS

Table of stock prices for various companies in Paris.

AMSTERDAM

Table of stock prices for various companies in Amsterdam.

COPENHAGEN

Table of stock prices for various companies in Copenhagen.

AUSTRALIA

Table of stock prices for various companies in Australia.

BRUSSELS/LUXEMBOURG

Table of stock prices for various companies in Brussels/Luxembourg.

SWITZERLAND

Table of stock prices for various companies in Switzerland.

JOHANNESBURG

Table of stock prices for various companies in Johannesburg.

STOCKHOLM

Table of stock prices for various companies in Stockholm.

OSLO

Table of stock prices for various companies in Oslo.

VIENNA

Table of stock prices for various companies in Vienna.

Stock

Table of stock prices for various companies in New York.

Stock

Table of stock prices for various companies in New York.

HOME NEWS

Forklift truck orders up over past two months

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT
THERE HAS BEEN a significant improvement in orders for industrial forklift trucks in the past two months, providing further evidence that U.K. manufacturing activity is picking up...

South Yorkshire grant cut off in bus fares subsidy row

BY IAN HARGREAVES, INDUSTRIAL STAFF
SOUTH YORKSHIRE County Council has, as expected, had its share of the Government's Transport Supplementary Grant cut off for the year 1977-78 because of its refusal to reduce the level of fares subsidy on its buses...

The First Viking Commodity Trusts
Commodity OFFER 38.7 Trust BID 36.8
Double OFFER 100.0 Option Trust BID 95.0

Shore to launch urban renewal programme

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT
PROPOSALS for a comprehensive urban renewal programme will be unveiled by the Government in the spring...

BP spends £15m. on chlorine production

BY RAY DAFTER
BP CHEMICALS International will spend £15m. on modernising chlorine production as part of a £300m. investment programme now in hand...

STRONG DEMAND FROM OVERSEAS BUYERS AT BOAT SHOW

Buoyancy, but no boom

BY STUART ALEXANDER
SALES OF boats and equipment have improved strongly at the twenty-third Earls Court Boat Show, which closes to-morrow evening...

The Royal Court looks forward in bitterness

BY IAN HARGREAVES
STAFF at the Royal Court Theatre, London, believe the theatre will close this year unless the Arts Council backs down on its refusal to increase grant aid...

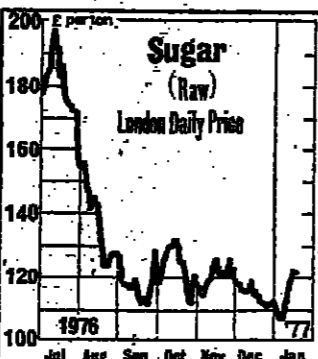
Appeals Court cuts fines of £930,000 to £63,000

A CITY businessman and his four companies, who were fined £930,000 last July in an exchange control case, had the fines reduced by the City of London Appeals Court yesterday to a total of £63,000...

COMMODITIES/Review of the week

Cocoa, lead and tin at new peaks

BY OUR COMMODITIES STAFF
THE FIRST full week of trading in 1977 on the London commodity markets saw an exciting time. Cocoa, lead and tin prices all reached new all-time peaks...



MARKET REPORTS

BASE METALS
TIN-Recent levels were attained for cash and forward standard metal...

COCAO

COCAO
Once again early London quotations were well absorbed by consumer demand...

SOYABEAN MEAL

SOYABEAN MEAL
The market opened in Chicago lower in line with the weakness in soyabean...

COFFEE

COFFEE
Features closed steadier, 47 to 51 per cent up on Thursday...

SUGAR

SUGAR
LONDON DAILY PRICE (RAW SUGAR)
£121.00 (121.00) a tonne of Jan. Feb.

WEEKLY PRICE CHANGES

Table with columns for Commodity, Latest price, Change, 1976/77 High/Low, and 1977/78 High/Low.

LEAD

LEAD
Cash, 210.00; 1 month, 211.00; 3 months, 212.00.

TIN

TIN
Cash, 2180.00; 1 month, 2185.00; 3 months, 2190.00.

COINTEGRATED

COINTEGRATED
Cash, 110.00; 1 month, 111.00; 3 months, 112.00.

WHEAT

WHEAT
Cash, 110.00; 1 month, 111.00; 3 months, 112.00.

WHEAT

WHEAT
Cash, 110.00; 1 month, 111.00; 3 months, 112.00.

BARLEY

BARLEY
Cash, 110.00; 1 month, 111.00; 3 months, 112.00.

RYE

RYE
Cash, 110.00; 1 month, 111.00; 3 months, 112.00.

MAIZE

MAIZE
Cash, 110.00; 1 month, 111.00; 3 months, 112.00.

WHEAT

WHEAT
Cash, 110.00; 1 month, 111.00; 3 months, 112.00.

US MARKETS

US MARKETS
Cocoa-China spot 16.15; Baha spot 15.15; March 16.10; April 16.15...

SUGAR AND COCOA RISE: COFFEE FIRM

SUGAR AND COCOA RISE: COFFEE FIRM
Cocoa-China spot 16.15; Baha spot 15.15; March 16.10; April 16.15...

REUTERS

REUTERS
1507.4 1508.4 1509.4 1510.4

OVERSEAS NEWS

Suarez promotes liberal general

BY ROGER MATTHEWS MADRID, Jan. 14.

THE EXPECTED reshuffle in the top commands of the Spanish Army announced after yesterday's nine-hour Cabinet meeting...

To this end Lieutenant-General Vega Rodriguez, one of the country's more liberal senior officers...

This Minister could eventually come under the control of a civilian member of the Cabinet, an idea that has been promoted for some time...

French move to heal rift with Israel

PARIS, Jan. 14.

FRANCE is trying to ease relations with Israel which have become strained to the breaking point by the French release of suspected Palestinian terrorist Mr. Abu Daoud...

INTERNATIONAL COMPANY NEWS

Record IBM profit for fourth quarter

BY STEWART FLEMING NEW YORK, Jan. 14.

WITH A RECORD fourth-quarter profit, International Business Machines, the world's biggest computer company, today reported earnings of \$2.4bn for 1976, 20.5 per cent higher than the \$1.99bn figure for 1975...

Merrill Lynch makes deal on portfolio management

BY HENRY SCOTT-STOKES PARIS, Jan. 14.

THE CREATION of Paluel-Marmont Merrill Lynch, a portfolio management company, has been announced in Paris...

Cavenham consider offer

BY JAY PALMER NEW YORK, Jan. 14.

GAVENHAM, the international food group headed by Sir James Goldsmith, today announced that it is "considering" making an offer to buy the 18 per cent minority shareholding of Grand Union, America's ninth largest grocery chain...

BRITISH FUNDS (1,285)

Table listing various British funds with columns for fund name, price, and change.

This week's SE dealings

Friday, January 14 6,395 Wednesday, January 12 6,175 Monday, January 10 6,145

The following records all yesterday's markings and also the latest markings of any issue not dealt in Thursday.

Main table of stock market dealings with columns for stock name, price, and change.

Have a happy TAX FREE New Year

Advertisement for Drummond Assurance Society, offering life insurance and tax-free benefits.

Handwritten text at the bottom of the page: هكذا من الاصل

The Financial Times Saturday January 15 1977

Table of stock prices and market data, including sections for 'NEW HIGHS AND LOWS FOR 1976/77', 'RISES AND FALLS', and 'ACTIVE STOCKS YESTERDAY'.

Table of active stocks from yesterday, listing stock names, denominations, closing prices, and changes.

Table titled 'Option Report - 3-month Call rates' showing option dealing dates and rates for various stocks.

Table titled 'LOCAL AUTHORITY BOND TABLE' listing bond issues from various local authorities with details on interest and maturity.

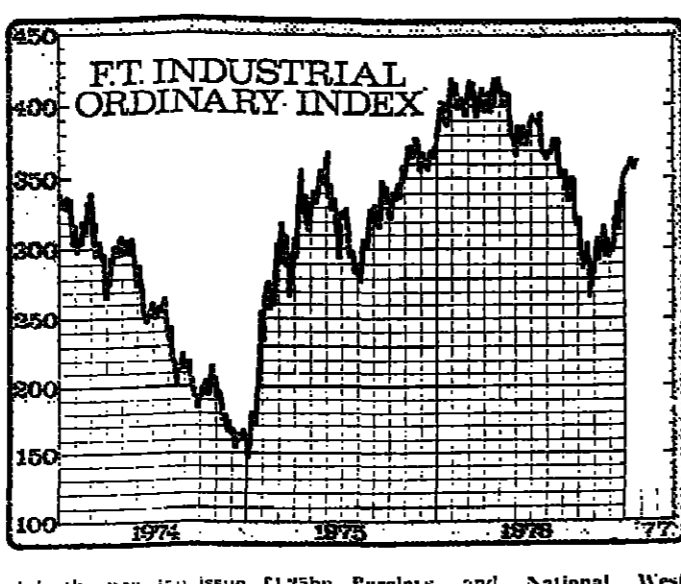
Table titled 'U.K. CONVERTIBLE STOCKS 14/77' listing convertible stocks with their current prices and conversion terms.

Table titled 'BUILDING SOCIETY RATES' showing interest rates for various building societies, categorized by deposit type and term.

Additional text at the bottom of the page, including a note about statistics provided by data STREAM international.

STOCK EXCHANGE REPORT
Gilts active but equities quiet and little altered
Index up 0.6 at 363.9 for a gain of 9.2 on the Account

Account Dealing Dates
Option
\*First Declared Last Account
Dealings Close Last Day



balance at 210p. Farnell Electronics responded to Press comment with a rise of 3 to 230p while gains of 4 were seen in Electro-components, 96p, and Electronic Rentals, 49p. Cray Electronics, 161p, and Louis Newmark, 81p, made no apparent response to their intended statements.

best in places with Hammerston "A" up 3 at 333p, after 35p, and Land and House similarly higher at 69p, after 70p. Lynton Holdings moved up 4 to 75p, Concession 2 further to 165p. Land Securities ended 1 better at 148p, having been 150p, but Capital and Counties reacted to 9p on the interim loss and gloomy statement before setting a net 2 down at 10p. United Red slipped 4 to 155p.

Another active day's trading in British Funds and the surprise announcement at 3.30 p.m. of a new long tap stock, FT 230m, Treasury 12 1/2 per cent, 1983, at 88, kept this sector well in the forefront of proceedings in stock markets yesterday.

Investment advice encouraged support of Porter Chadburn, 40 higher, at 215p. Trust Houses Forte, while similar gains were seen in B. Matthews, 92p, and Tate and Lyle, 262p. Spillers were active and a penny better at 70p.

Against the trend, Cavendish shed 2 to 88p for a loss on the week of 8; the company announced yesterday that its subsidiary is considering a sale with the Group's new company, In Supermarkets.

Secondary issues stole the limelight in the Shipping sector yesterday. Common Brothers continued to attract speculative support on bid hopes and closed up 12 more at a 1976-77 peak of 79p for

Largest-ever tap
The surprise of the largest tap issue ever made and the fact that it was a long and not the expected short-dated stock was the dominant feature in Gilts-edged yesterday.

With the new 100 issue, FT 230m, Treasury 12 1/2 per cent, 1983, at 88, was assessed short-dated maturities went further ahead and low-coupon stocks closed with gains extending to a full point the 12 1/2 per cent, Exchequer, 1981, reached 97 1/2 late, or 1 1/2 premium on the issue price.

Food closed on a quietly firm note. Lyons edged up 2 to 54p on the completion of the hotels deal with Trust Houses Forte.

Travis and Arnold continued firmly in Buildings, improving on fresh speculative support to close 13 higher at 114p for a rise on the week of 31.

Banks dip late
A firm market on Thursday following the Bank of England's decision to reduce its special deposit requirement, home Banks continued to make headway in the early dealing yesterday.

Barclays and National Westminster were both 2 off at 270p and 231p respectively. Discounts closed mixed. Alexanders added 1 to 230p; the results are due on January 24.

Composites
Composite Insurances also tended to soften in the late dealing.

Travis and Arnold continued firmly in Buildings, improving on fresh speculative support to close 13 higher at 114p for a rise on the week of 31.

Thorn active
Thorn were active and erratic; standing at 21p ahead of the interim statement, the shares improved to 21 1/2p on the profit report which matched market expectations.

Composites
Composite Insurances also tended to soften in the late dealing.

Composites
Composite Insurances also tended to soften in the late dealing.

Composites
Composite Insurances also tended to soften in the late dealing.

F.T.—ACTUARIES SHARE INDICES

Table with columns: EQUITY GROUPS, GROUPS & SUB-SECTIONS, Friday, January 14, 1977, Index, High, Low, etc. Lists various categories like CAPITAL GOODS, BUILDING MATERIALS, CONTRACTING, etc.

MONETARY EXCHANGES

No change in MLR
Bank of England Minimum Lending Rate 14 per cent. The Treasury bill rate fell by 0.0125 per cent to 13.2537 per cent at yesterday's tender.

EXCHANGES AND BULLION

The usual slackening in the level of business ahead of the holidays appeared more exaggerated in sterling's foreign exchange market. Sterling traded very quietly all day opening at \$1.1770-1720 and easing slightly during the afternoon.

EURO-CURRENCY INTEREST RATES

Table showing interest rates for various currencies: Sterling, US Dollar, Canadian Dollar, Dutch Guilder, West German Mark, Swiss Franc.

FORWARD RATES

Table showing forward rates for various currencies: New York, London, Hong Kong, etc.

OTHER MARKETS

Table showing other market data: Argentina, Australia, Belgium, Canada, France, Germany, Greece, etc.

GOLD MARKET

Table showing gold market data: Gold Bullion, Gold Bars, etc.

INSURANCE RATES

Table showing insurance rates: Property Growth, Cannon Insurance, etc.

SPECIAL DRAWING RIGHTS RATES

Table showing special drawing rights rates: Argentina, Belgium, Canada, France, Germany, Greece, etc.

FINANCIAL TIMES STOCK INDICES. Table with columns: Index, Jan 14, Jan 13, Jan 12, etc. Includes Government Securities, Fixed Interest, Industrial Ordinary, Gold Mines, etc.

HIGHS AND LOWS. Table with columns: Share, High, Low, etc. Lists various shares like Govt Sec, Fixed Int, Ind Ord, etc.

BASE LENDING RATES. Table listing various banks and their lending rates: A.B.N. Bank, Allied Irish Banks, etc.

FT-ACTUARIES SHARE INDICES. Text and table providing details about the actuaries share indices and their performance.

Table with columns: Jan 14, Jan 13, Jan 12, etc. Lists various financial data points and market indicators.

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AUTHORISED UNIT TRUSTS

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STOCK INDICES
S.E. ACTIVITY
BASE LENDING RATES

Table of stock indices and S.E. activity, including Abbey Unit Tr. Mgrs. Ltd. and Allied Hambro Group (a/c).

Table of Discretionary Unit Fund Managers, including Abbey Unit Tr. Mgrs. Ltd. and Abbey Unit Tr. Mgrs. Ltd. (a/c).

Table of Hill Samuel Unit Tr. Mgrs. (a/c), M & G Group, and NTL Trust Managers Ltd. (a/c).

Table of Sare & Propper Group, Target Unit Mgrs. Ltd. (a/c), and various other unit trusts.

Table of regional markets, including Abbey Unit Tr. Mgrs. Ltd. and Abbey Unit Tr. Mgrs. Ltd. (a/c).

INSURANCE, PROPERTY, BONDS

Table of insurance, property, and bond companies, including Abbey Life Assurance Co. Ltd., City of Westminster Assur. Soc., and various other insurers.

Table of insurance, property, and bond companies, including Prop. Equity & Life Ass. Co., Sun Alliance Fund Mgmt. Ltd., and various other insurers.

Advertisement for LAWSON HIGH YIELD FUND, featuring a large '13%' graphic and text about fixed price offer closing on 21st Jan 1977.

OFFSHORE AND OVERSEAS FUNDS

Table of offshore and overseas funds, including Artimot Securities (C.I.) Limited, Charterhouse Japhet, and various other fund managers.

Table of offshore and overseas funds, including Neptune Intl. Fnd. Mgmt., TSB Unit Tr. Mgrs. (C.I.) Ltd., and various other fund managers.

Advertisement for BANK OF AMERICA, featuring the text 'WORLD VALUE OF THE DOLLAR' and 'NATIONAL TRUST AND SAVINGS ASSOCIATION'.

NOTES

**PIMS**  
The Personal Investment Manager Service  
specifically designed for the larger investor.  
exclusive to  
**SCHLESINGERS**  
01-409 3100

# FT SHARE INFORMATION SERVICE

**HOTELS**

High	Low	Stock	Price	% Chg
88	75	The View Hotel	85	+12
85	70	Hotel de Ville	75	+15
82	65	Hotel de Ville	70	+10
80	60	Hotel de Ville	65	+10
78	58	Hotel de Ville	62	+10
75	55	Hotel de Ville	58	+10
72	52	Hotel de Ville	55	+10
70	50	Hotel de Ville	52	+10
68	48	Hotel de Ville	50	+10
65	45	Hotel de Ville	48	+10
62	42	Hotel de Ville	45	+10
60	40	Hotel de Ville	42	+10
58	38	Hotel de Ville	40	+10
55	35	Hotel de Ville	38	+10
52	32	Hotel de Ville	35	+10
50	30	Hotel de Ville	32	+10
48	28	Hotel de Ville	30	+10
45	25	Hotel de Ville	28	+10
42	22	Hotel de Ville	25	+10
40	20	Hotel de Ville	22	+10
38	18	Hotel de Ville	20	+10
35	15	Hotel de Ville	18	+10
32	12	Hotel de Ville	15	+10
30	10	Hotel de Ville	12	+10
28	8	Hotel de Ville	10	+10
25	5	Hotel de Ville	8	+10
22	2	Hotel de Ville	5	+10
20	1	Hotel de Ville	2	+10

**INDUSTRIALS**

(Miscel)

High	Low	Stock	Price	% Chg
120	100	A.A.E. Research	110	+10
115	95	Acron Corp	105	+10
110	90	Acron Corp	100	+10
105	85	Acron Corp	95	+10
100	80	Acron Corp	90	+10
95	75	Acron Corp	85	+10
90	70	Acron Corp	80	+10
85	65	Acron Corp	75	+10
80	60	Acron Corp	70	+10
75	55	Acron Corp	65	+10
70	50	Acron Corp	60	+10
65	45	Acron Corp	55	+10
60	40	Acron Corp	50	+10
55	35	Acron Corp	45	+10
50	30	Acron Corp	40	+10
45	25	Acron Corp	35	+10
40	20	Acron Corp	30	+10
35	15	Acron Corp	25	+10
30	10	Acron Corp	20	+10
25	5	Acron Corp	15	+10
20	1	Acron Corp	10	+10

**ENGINEERING-Continued**

High	Low	Stock	Price	% Chg
75	60	Ballie Sp	65	+10
70	55	Ballie Sp	60	+10
65	50	Ballie Sp	55	+10
60	45	Ballie Sp	50	+10
55	40	Ballie Sp	45	+10
50	35	Ballie Sp	40	+10
45	30	Ballie Sp	35	+10
40	25	Ballie Sp	30	+10
35	20	Ballie Sp	25	+10
30	15	Ballie Sp	20	+10
25	10	Ballie Sp	15	+10
20	5	Ballie Sp	10	+10
15	1	Ballie Sp	5	+10

**DRAPERY AND STORES-Continued**

High	Low	Stock	Price	% Chg
100	80	Bedford Sp	90	+10
95	75	Bedford Sp	85	+10
90	70	Bedford Sp	80	+10
85	65	Bedford Sp	75	+10
80	60	Bedford Sp	70	+10
75	55	Bedford Sp	65	+10
70	50	Bedford Sp	60	+10
65	45	Bedford Sp	55	+10
60	40	Bedford Sp	50	+10
55	35	Bedford Sp	45	+10
50	30	Bedford Sp	40	+10
45	25	Bedford Sp	35	+10
40	20	Bedford Sp	30	+10
35	15	Bedford Sp	25	+10
30	10	Bedford Sp	20	+10
25	5	Bedford Sp	15	+10
20	1	Bedford Sp	10	+10

**BUILDING INDUSTRY-Continued**

High	Low	Stock	Price	% Chg
120	100	United Trust	110	+10
115	95	United Trust	105	+10
110	90	United Trust	100	+10
105	85	United Trust	95	+10
100	80	United Trust	90	+10
95	75	United Trust	85	+10
90	70	United Trust	80	+10
85	65	United Trust	75	+10
80	60	United Trust	70	+10
75	55	United Trust	65	+10
70	50	United Trust	60	+10
65	45	United Trust	55	+10
60	40	United Trust	50	+10
55	35	United Trust	45	+10
50	30	United Trust	40	+10
45	25	United Trust	35	+10
40	20	United Trust	30	+10
35	15	United Trust	25	+10
30	10	United Trust	20	+10
25	5	United Trust	15	+10
20	1	United Trust	10	+10

**CANADIANS**

High	Low	Stock	Price	% Chg
120	100	Bl. Montreal	110	+10
115	95	Bl. Montreal	105	+10
110	90	Bl. Montreal	100	+10
105	85	Bl. Montreal	95	+10
100	80	Bl. Montreal	90	+10
95	75	Bl. Montreal	85	+10
90	70	Bl. Montreal	80	+10
85	65	Bl. Montreal	75	+10
80	60	Bl. Montreal	70	+10
75	55	Bl. Montreal	65	+10
70	50	Bl. Montreal	60	+10
65	45	Bl. Montreal	55	+10
60	40	Bl. Montreal	50	+10
55	35	Bl. Montreal	45	+10
50	30	Bl. Montreal	40	+10
45	25	Bl. Montreal	35	+10
40	20	Bl. Montreal	30	+10
35	15	Bl. Montreal	25	+10
30	10	Bl. Montreal	20	+10
25	5	Bl. Montreal	15	+10
20	1	Bl. Montreal	10	+10

**BRITISH FUNDS**

"Shorts" (lives up to Five Years)

High	Low	Stock	Price	% Chg
100	80	Treasury Sp	90	+10
95	75	Treasury Sp	85	+10
90	70	Treasury Sp	80	+10
85	65	Treasury Sp	75	+10
80	60	Treasury Sp	70	+10
75	55	Treasury Sp	65	+10
70	50	Treasury Sp	60	+10
65	45	Treasury Sp	55	+10
60	40	Treasury Sp	50	+10
55	35	Treasury Sp	45	+10
50	30	Treasury Sp	40	+10
45	25	Treasury Sp	35	+10
40	20	Treasury Sp	30	+10
35	15	Treasury Sp	25	+10
30	10	Treasury Sp	20	+10
25	5	Treasury Sp	15	+10
20	1	Treasury Sp	10	+10

**AMERICANS**

High	Low	Stock	Price	% Chg
120	100	ASA	110	+10
115	95	ASA	105	+10
110	90	ASA	100	+10
105	85	ASA	95	+10
100	80	ASA	90	+10
95	75	ASA	85	+10
90	70	ASA	80	+10
85	65	ASA	75	+10
80	60	ASA	70	+10
75	55	ASA	65	+10
70	50	ASA	60	+10
65	45	ASA	55	+10
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35	15	ASA	25	+10
30	10	ASA	20	+10
25	5	ASA	15	+10
20	1	ASA	10	+10

Conversion factor 0.7028 (0.7040)

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INDUSTRIALS - Continued

Table of industrial stocks including companies like British Airways, British Petroleum, and various engineering firms. Columns include stock name, price, and other financial metrics.

INSURANCE

Table of insurance companies such as British Overseas Airways, British Petroleum, and various engineering firms. Columns include stock name, price, and other financial metrics.

PROPERTY - Continued

Table of property-related stocks and companies. Columns include stock name, price, and other financial metrics.

TRUSTS - Continued

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Advertisement for SUMITOMO HEAVY INDUSTRIES LTD. with the slogan 'For ocean development, systems engineering, and environment protection.'

Table titled 'MINES - Continued' listing various mining companies and their stock prices.

Table titled 'FINANCE, LEAD, ETC.' listing financial instruments and their prices.

Table titled 'GENERAL AFRICAN' listing African-related stocks and companies.

Table titled 'AUSTRALIAN' listing Australian-related stocks and companies.

Table titled 'COPPER' listing copper-related stocks and companies.

Table titled 'MISCELLANEOUS' listing various miscellaneous stocks and companies.

Table titled 'NOTES' providing information about various financial notes and bonds.

Table titled 'TEAS' listing tea-related stocks and companies.

Table titled 'CENTRAL RAND' listing Central Rand-related stocks and companies.

MOTORS, AIRCRAFT TRADES

Table listing motor and aircraft trade companies and their stock prices.

Commercial Vehicles

Table listing commercial vehicle companies and their stock prices.

Components

Table listing component companies and their stock prices.

Garages and Distributors

Table listing garage and distributor companies and their stock prices.

NEWSPAPERS, PUBLISHERS

Table listing newspaper and publisher companies and their stock prices.

PAPER, PRINTING, ADVERTISING

Table listing paper, printing, and advertising companies and their stock prices.

PROPERTY

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SHIPBUILDERS, REPAIRERS

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SHIPPING

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SOUTH AFRICANS

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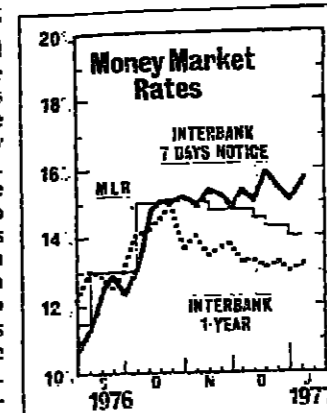
Table listing India and Bangladesh related stocks and companies.

Recent Issues and Rights Page 17

THE LEX COLUMN

A memorable week for gilts

Index rose 0.6 to 363.9



on the assumption of a 10 cent per annum interest...

The only comfort is the summer finance side...

Capital & Counties

Capital and Counties for the half-year in Scotland...

As a result the group has been obliged to change policy...

Since it started making provisions some two and a-half years ago...

will be substantially higher for the year as a whole...

But the television rental business is much the most important source of growth...

The intriguing question for the longer term is whether the group will be happy to see television rental accounting...

FNFC

First National Finance is now a skeleton of its former self...

Since it started making provisions some two and a-half years ago...

Industrial strategy attacked by unions

By Christian Tyler, Labour Staff

THE PRIME MINISTER is likely to hear complaints from the unions about the way the industrial strategy is being shaped...

The extent of union frustration at the lack of impetus being given to creating jobs in manufacturing emerged yesterday...

Mistake

Mr. Varley hinted in a speech to the conference that the Chancellor would give the strategy a financial boost in his Budget...

Both he and Sir Ronald said in answer to the complaints that it would be a mistake to use statutory powers to force companies to disclose information...

Secondly, they are finding themselves putting their names to recipes for recovery in which TUC policies on employment, import controls, State aid and planning agreements get little attention...

Critic

Mr. David Bussett, the General and Municipal Workers' Union general secretary, was critical of the industrial strategy as an element in the move to greater industrial democracy...

Wilson City panel need doubted

THERE WAS no public anxiety about whether the City's financial institutions are functioning properly, the Law Society's Gazette said yesterday...

Safety net discussions

AN EXPERT working party of central bankers will draw up the final terms for Britain's \$3bn safety net for the sterling balances during the next three weeks...

Town hall staffs to ban overtime

BY DAVID CHURCHILL, LABOUR STAFF

A NATIONAL overtime ban is to be imposed by the 570,000-member National and Local Government Officers' Association...

The conference, not satisfied with this 'wait and see' approach, voted by 248,000 to 199,000 to call on the TUC to insist that the Government should fulfil its side of the Social Contract...

Not satisfied

The same vote undertook to operate the national overtime ban from April 1 and to support all members' labour industrial action against the cuts...

Britain to formulate oil barter policy

BY LORNE SARLING

GOVERNMENT POLICY on major oil barter deals for Iranian contracts is expected to be formulated in the near future...

Mr. Dell also stressed that the Iranian position was not yet clearly defined and that a great deal of business will continue to be done on traditional lines...

Examination

The Government's directive is based on the principle that taxpayers must not be exposed to risk through State trading in commodities...

Freightliners profit for last year expected to be £1.3m.

BY IAN HARGREAVES, INDUSTRIAL STAFF

FREIGHTLINERS, the road and rail haulier carrying service owned by British Rail and the National Freight Corporation...

Trading profits for the year are expected to be £1.3m, on a turnover of £10m, an increase of £10m on 1975...

Investment needs The company is budgeting for a profit of £1.5m next year, with a 2 per cent increase in the volume of business...

Such improvements, although considerable and a tribute to a much more effective marketing operation since the appointment of Mr. Cyril Bleasdale...

Bank to make £1.25bn. issue

Continued from Page 1

successful with the December banking figures expected to show a loss of 5 points at \$1.7110...

The Government is trying to prevent too rapid a fall in rates because of its possible effect on sterling and because of its view that this is the right way to ensure further large sales of gilt-edged securities...

The pound has been holding up well. Some signs that the Bank of England has been offered the opportunity to renege the UK official reserves by buying foreign currency...

control. The Bank might need to abandon at least temporarily its present market-related formula for determining MLR...

The new stock is £1.25bn. of Treasury 13 1/2 per cent loan dated 1995. It is being issued at a price of 98 per cent to give a flat yield of 14.32 per cent...

MAN OF THE WEEK

Focus on the party's strife

BY RUPERT CORNWELL

THE LABOUR PARTY'S fondness for airing its internal disputes in public is one of its most endearing features...

The heavy artillery echoed round Westminster: the prominent left-winger Mr. Eric Hoffer calls him a 'positive moderate'...



ANDY BEVAN "We stand on ideas of Marx"

The contrast between public utterance and private reserve is in fact one of his most intriguing features. As everybody knows, he is a Trotskyist...

His Welsh Labour background is impeccable. Half the family are miners and steel workers...

Next came Bristol University where he read economics and social history, and a year that has subsequently proved invaluable...

The pawn

But much of what has been said about him is unfair. His infiltration of the Labour Party must be the most visible in history...

These real trouble is that 24-year-old Bevan has become a pawn in a much wider struggle. All the strands of moderate discontent meet in Bevan's hands...

The outcome of this trial of strength, and its effect on the Labour condition, is anyone's guess. But as these consequences unfold, it could be the most powerful of all in an ill-fated touch when the party's success is at stake...

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